

ANALYTICAL PERSPECTIVES



BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 2001

THE BUDGET DOCUMENTS

Budget of the United States Government, Fiscal Year 2001 contains the Budget Message of the President and information on the President's 2001 budget proposals. In addition, the *Budget* includes the Nation's third comprehensive Government-wide Performance Plan.

Analytical Perspectives, Budget of the United States Government, Fiscal Year 2001 contains analyses that are designed to highlight specified subject areas or provide other significant presentations of budget data that place the budget in perspective.

The *Analytical Perspectives* volume includes economic and accounting analyses; information on Federal receipts and collections; analyses of Federal spending; detailed information on Federal borrowing and debt; the Budget Enforcement Act preview report; current services estimates; and other technical presentations. It also includes information on the budget system and concepts and a listing of the Federal programs by agency and account.

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entire agencies or group of agencies. Information is also provided on certain activities whose outlays are not part of the budget totals.

A Citizen's Guide to the Federal Budget, Budget of the United States Government, Fiscal Year 2001 provides general information about the budget and the budget process for the general public.

Budget System and Concepts, Fiscal Year 2001 contains an explanation of the system and concepts used to formulate the President's budget proposals.

Budget Information for States, Fiscal Year 2001 is an Office of Management and Budget (OMB) publication that provides proposed State-by-State obligations for the major Federal formula grant programs to State and local governments. The allocations are based on the proposals in the President's budget. The report is released after the budget and can be obtained from the Publications Office of the Executive Office of the President, 725 17th Street NW, Washington, DC 20503; (202) 395-7332.

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GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.
2. Detail in this document may not add to the totals due to rounding.

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TABLE OF CONTENTS

| | <i>Page</i> |
|--|-------------|
| Economic and Accounting Analyses | |
| 1. Economic Assumptions | 3 |
| 2. Stewardship: Toward a Federal Balance Sheet | 17 |
| Federal Receipts and Collections | |
| 3. Federal Receipts | 47 |
| 4. User Fees and Other Collections | 93 |
| 5. Tax Expenditures | 107 |
| Special Analyses and Presentations | |
| 6. Federal Investment Spending and Capital Budgeting | 143 |
| 7. Research and Development Funding | 183 |
| 8. Credit and Insurance | 187 |
| 9. Aid to State and Local Governments | 241 |
| 10. Federal Employment and Compensation | 257 |
| 11. Strengthening Federal Statistics | 263 |
| Federal Borrowing and Debt | |
| 12. Federal Borrowing and Debt | 269 |
| Budget Enforcement Act Preview Report | |
| 13. Preview Report | 285 |
| Current Services Estimates | |
| 14. Current Services Estimates | 297 |
| Other Technical Presentations | |
| 15. Trust Funds and Federal Funds | 343 |
| 16. National Income and Product Accounts | 361 |
| 17. Comparison of Actual to Estimated Totals for 1999 | 367 |
| 18. Relationship of Budget Authority to Outlays | 373 |
| 19. Off-Budget Federal Entities and Non-Budgetary Activities | 375 |
| 20. Outlays to Public, Net and Gross | 379 |

TABLE OF CONTENTS—Continued

| | <i>Page</i> |
|---|-------------|
| 21. Report on the Government-Wide Rescissions in the Consolidated Appropriations Bill, P.L. 106–113 | 381 |
| Information Technology Investments | |
| 22. Program Performance Benefits from Major Information Technology Investments | 401 |
| Federal Drug Control Funding | |
| 23. Federal Drug Control Funding | 441 |
| Budget System and Concepts and Glossary | |
| 24. Budget System and Concepts and Glossary | 445 |
| Federal Programs by Agency and Account | |
| 25. Federal Programs by Agency and Account | 467 |
| List of Charts and Tables | 665 |

ECONOMIC AND ACCOUNTING ANALYSES

1. ECONOMIC ASSUMPTIONS

Introduction

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

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

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

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

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

Businesses' confidence in the future is evident in a willingness to invest heavily in new, capacity-enhancing plant, equipment and software. During the past seven years, equipment and software spending has risen at a double-digit pace, spurred by purchases of high-tech capital. Rapid growth of investment has helped return labor productivity growth to rates not seen since before the first oil crisis in 1973. Rapid productivity growth

has enabled firms to achieve healthy increases in profits, and to raise real wages while still holding the line on prices.

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

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

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

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

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

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

Recent Developments

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

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

surpluses in the last seven years is unprecedented since the demobilization just after World War II.

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

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

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

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

Monetary Policy: During this expansion, the Federal Reserve tightened policy when inflation threatened to pick up, but eased when the expansion risked stalling out. In 1994 and early 1995, the monetary authority

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

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

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

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

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

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

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

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

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

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

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

The foreign sector was the primary restraint on GDP growth in 1999, as during the prior two years. Although the economic recovery of our trading partners boosted our exports, this positive contribution to GDP growth was more than offset by the very rapid rise of imports that accompanied the exceptionally strong growth of U.S. domestic demand. Over the year, exports of goods and services after adjustment for inflation rose 4.0 percent, while imports soared 13.1 percent. As a result, the net export balance widened considerably, and restrained real GDP growth by an average of 1.2 percentage points per quarter—a larger drag on growth than

during the two previous years when recessions abroad dramatically curtailed U.S. exports. The trade-weighted value for the dollar, which had risen strongly in recent years, was little changed, on average, during 1999. However, the dollar depreciated 7 percent against the Japanese yen, while it appreciated 15 percent against the newly launched Euro.

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

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

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

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

Last year, however, import and export prices exerted less of a restraint on inflation than in prior years. Because of the overall stability of the dollar last year, import prices other than petroleum were about un-

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

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

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

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

Statistical Issues

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

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

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

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

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

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

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

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

Income Tax Credit (EITC) are indexed to the CPI. Thus, the methodological improvements made in recent years act on both the outlays and receipts sides of the budget to increase the budget surpluses.

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

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

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

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

Real and Nominal GDP: The most significant definitional change was the recognition of business and government expenditures on computer software (including the costs of in-house production of software) as investment, and therefore as a component of GDP and the Nation’s capital stock. Until this revision, BEA had treated software, except that embedded in other equipment, as if it were an intermediate good, and had not counted it in GDP until it appeared as part of a final

product. Intermediate goods do not add directly to GDP; capital goods do. (The Federal Government investment estimates presented in Chapter 6 of this volume also treat software as investment.)

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

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

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

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

ernment and households. These definitional changes included:

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

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

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

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

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

vailed from the end of World War II until the first oil crisis in 1973.

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

reason to believe that productivity and real growth recently may have been even stronger than the official series suggest.

Economic Projections

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

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

Table 1-1. ECONOMIC ASSUMPTIONS¹

(Calendar years; dollar amounts in billions)

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

NA = Not Available.

¹ Based on information available as of late November 1999.

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

³ Seasonally adjusted CPI for all urban consumers.

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

⁵ Overall average increase, including locality pay adjustments.

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

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

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

Real GDP, Potential GDP and Unemployment:

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

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

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

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

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

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

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

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

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

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

Incomes: On balance, the share of total taxable income in nominal GDP is projected to decline gradually. This is primarily because the corporate profits share of GDP is expected to fall. That is a consequence of

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

Comparison with CBO

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

difference is that CBO and Administration forecasts are finalized at somewhat different times.

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

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

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

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

Table 1–2. COMPARISON OF ECONOMIC ASSUMPTIONS

(Calendar years; percent)

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

¹ Percent change, fourth quarter over fourth quarter.

² Annual averages, percent.

³ Taxable personal income plus corporate profits before tax.

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

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

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

Impact of Changes in the Economic Assumptions

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

The changes in the economic assumptions since last year's budget have been relatively modest, as Table 1–3 shows. The differences are primarily the result of

economic performance in 1999 that has, once again, proven more favorable than was anticipated at the beginning of last year. Economic growth was stronger than expected in 1999, while inflation and unemployment were lower. Because of this favorable performance, the projected annual averages for the unemployment rate and GDP price index have again been reduced slightly this year—but conservatively. At the same time, interest rates are assumed in this budget to remain near their current low levels.

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

Structural vs. Cyclical Balance

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

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

(Calendar years; dollar amounts in billions)

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

¹ Adjusted for October 1999 NIPA revisions.

² Fourth quarter-to-fourth quarter.

³ Calendar year average.

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

(In billions of dollars)

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

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

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

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

In the early 1990s, large swings in net outlays for deposit insurance (savings and loan and bank bailouts) had substantial impacts on deficits, but had little concurrent impact on economic performance. It therefore became customary to remove deposit insurance outlays as well as the cyclical component of the surplus or

deficit from the actual surplus or deficit to compute the adjusted structural balance. This is shown in Table 1-5.

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

Table 1-5. ADJUSTED STRUCTURAL BALANCE

(In billions of dollars)

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

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

Sensitivity of the Budget to Economic Assumptions

Both receipts and outlays are affected by changes in economic conditions. This sensitivity seriously complicates budget planning, because errors in economic assumptions lead to errors in the budget projections. It is therefore useful to examine the implications of alternative economic assumptions.

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

Economic variables that affect the budget do not usually change independently of one another. Output and employment tend to move together in the short run: a high rate of real GDP growth is generally associated with a declining rate of unemployment, while moderate or negative growth is usually accompanied by rising unemployment. In the long run, however, changes in the average rate of growth of real GDP are mainly due to changes in the rates of growth of productivity and labor supply, and are not necessarily associated with changes in the average rate of unemployment. Inflation and interest rates are also closely interrelated: a higher expected rate of inflation increases interest rates, while lower expected inflation reduces rates.

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

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

If real GDP growth is lower by one percentage point in calendar year 2000 only, and the unemployment rate rises by one-half percentage point, the fiscal 2000 surplus would decrease by \$10.5 billion; receipts in 2000 would be lower by about \$8.5 billion, and outlays, primarily for unemployment-sensitive programs, would be higher by about \$2.0 billion. In fiscal year 2001, the receipts shortfall would grow further to about \$18.3 billion, and outlays would increase by about \$6.8 billion relative to the base, even though the growth rate in calendar 2001 equals the rate originally assumed. This effect grows because the level of real (and nominal) GDP and taxable incomes would be permanently lower, and unemployment higher. The budget effects (including growing interest costs associated with higher deficits or smaller surpluses) would continue to grow slightly in later years.

The budget effects are much larger if the real growth rate is assumed to be one percentage point less in each year (2000–2005) and the unemployment rate to rise one-half percentage point in each year. With these assumptions, the levels of real and nominal GDP would

be below the base case by a growing percentage. The budget balance would be worsened by \$179.3 billion relative to the base case by 2005.

The effects of slower productivity growth are shown in a third example, where real growth is one percentage point lower per year while the unemployment rate is unchanged. In this case, the estimated budget effects mount steadily over the years, but more slowly, resulting in a \$145.5 billion worsening of the budget balance by 2005.

Joint changes in interest rates and inflation have a smaller effect on the budget balance than equal percentage point changes in real GDP growth, because their effects on receipts and outlays are substantially offsetting. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 2000 only. In subsequent years, the price level and nominal GDP would be one percent higher than in the base case, but interest rates are assumed to return to their base levels. Outlays for 2000 rise by \$5.8 billion and receipts by \$9.9 billion, for an increase of \$4.1 billion in the 2000 surplus. In 2001, outlays would be above the base by \$11.9 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$19.8 billion above the base, however, resulting in a \$7.8 billion improvement in the budget balance. In subsequent years, the amounts added to receipts would continue to be larger than the additions to outlays.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, the price level and nominal GDP would rise by a cumulatively growing percentage above their base levels. In this case, the effects on receipts and outlays mount steadily in successive years, adding \$50.4 billion to outlays and \$117.3 billion to receipts in 2005, for a net increase in the surplus of \$66.9 billion.

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

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

These rules of thumb are computed while holding the income share composition of GDP constant. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing income shares. However, the relationships between changes in income shares and changes in growth, inflation, and interest rates are too complex to be reduced to simple rules.

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

(In billions of dollars)

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

* \$50 million or less.

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

2. STEWARDSHIP: TOWARD A FEDERAL BALANCE SHEET

Introduction

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

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

The presentation consists of three parts:

- The first part reports on what the Federal Government owns and what it owes. Table 2–1 summarizes this information. The assets and liabilities in this table are a useful starting point for analysis, but they are only a partial reflection of the full range of Government resources and responsibilities. Only those items actually owned by the Government are included in the table; but Government's resources extend beyond the assets defined in this narrow way. Government can rely on taxes and other measures to meet future obligations. Similarly, while the table's liabilities include all of the binding commitments resulting from prior Government action, Government's full responsibilities are much broader than this.
- The second part presents possible paths for extending the Federal budget, beginning with an extension of the 2001 Budget. Table 2–2 summarizes this information. This part offers the clearest indication of the long-run financial burdens that the Government faces and the resources that will be available to meet them. Some future claims on the Government deserve special emphasis because of their importance to individuals' retirement

plans. Table 2–3 summarizes the condition of the Social Security and Medicare trust funds and how that condition has changed since 1998.

- The third part of the presentation features information on economic and social conditions which the Government affects by its actions. Table 2–4 presents summary data for national wealth while highlighting the Federal investments that have contributed to that wealth. Table 2–5 presents a small sample of economic and social indicators.

Relationship with FASAB Objectives

The framework presented here meets the stewardship objective¹ for Federal financial reporting recommended by the Federal Accounting Standards Advisory Board and adopted for use by the Federal Government in September 1993.

Federal financial reporting should assist report users in assessing the impact on the country of the Government's operations and investments for the period and how, as a result, the Government's and the Nation's financial conditions have changed and may change in the future. Federal financial reporting should provide information that helps the reader to determine:

3a. Whether the Government's financial position improved or deteriorated over the period.

3b. Whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.

3c. Whether Government operations have contributed to the Nation's current and future well-being.

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

What Can Be Learned from a Balance Sheet Approach

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

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

QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"**1. According to Table 2-1, the Government's liabilities exceed its assets. No business could operate in such a fashion. Why does the Government not manage its finances more like a business?**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These formal obligations, however, are only a subset of the Government's financial responsibilities.

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

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

The presentation that follows consists of a series of tables and charts. All of them taken together function as a balance sheet. The schematic diagram, Chart 2-1, shows how they fit together. The tables and charts should be viewed as an ensemble, the main elements of which can be grouped together in two broad categories—assets/resources and liabilities/responsibilities.

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

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

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

PART I—THE FEDERAL GOVERNMENT'S ASSETS AND LIABILITIES

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

In the late 1970s, a speculative run-up in the prices of oil, gold, and other real assets temporarily boosted

the value of Federal holdings, but since then those prices have declined.² Currently, the total real value of Federal assets is estimated to be only about 18 percent greater than it was in 1960. Meanwhile, Federal liabilities have increased by 185 percent in real terms. The sharp decline in the Federal net asset position was principally due to large Federal budget deficits along with a drop in certain asset values. Currently, the net excess of liabilities over assets is about \$3.2 trillion, or \$11,600 per capita.

Table 2-1. GOVERNMENT ASSETS AND LIABILITIES *

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

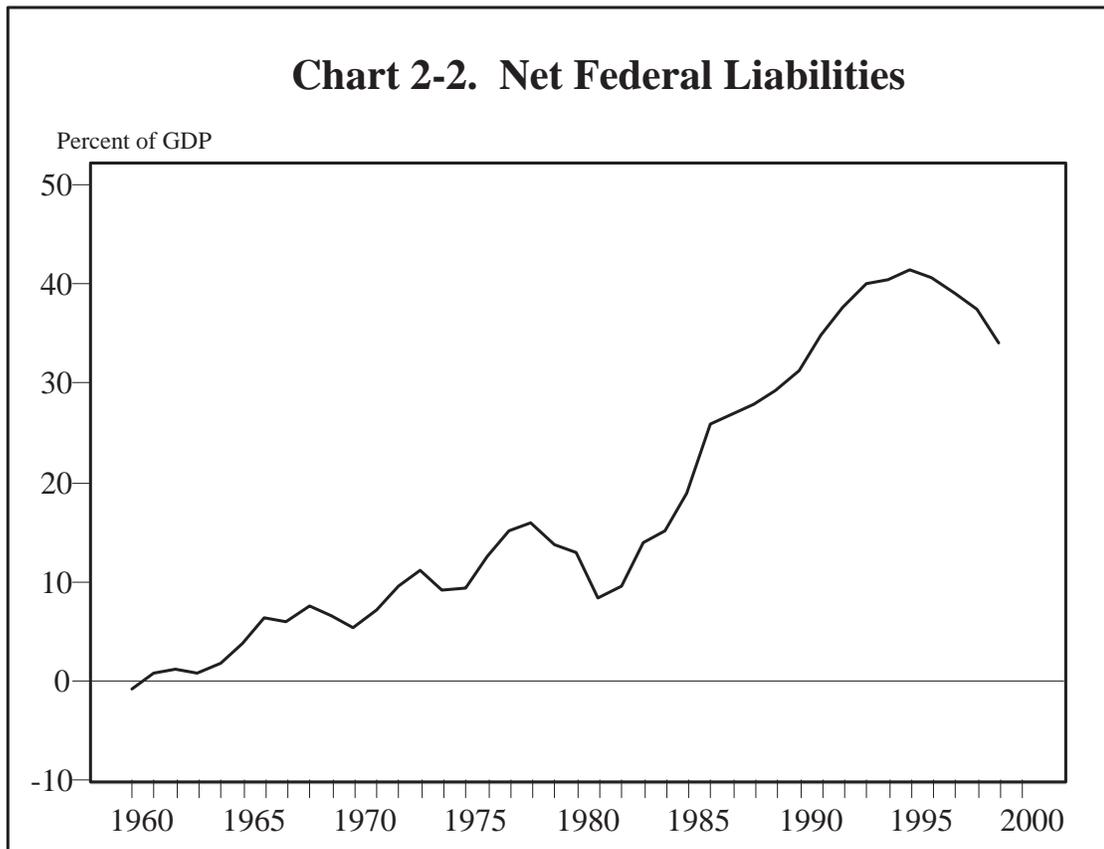
| | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 1997 | 1998 | 1999 |
|---|--------------|--------------|--------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | | | | | | |
| Financial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

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

¹ The model and data used to calculate this liability were revised for 1996-1999.

² This temporary improvement highlights the importance of the other tables in this presentation. What is good for the Federal Government as an asset holder is not necessarily favorable to the economy. The decline in inflation in the early 1980s reversed the speculative

runup in gold and other commodity prices. This reduced the balance of Federal net assets, but it was good for the economy and the Nation as a whole.



Assets

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

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

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

Reproducible Capital: The Federal Government is a major investor in physical capital and computer software. Government-owned stocks of such capital amounted to about \$1.0 trillion in 1999 (OMB esti-

mate). About two-thirds of this capital took the form of defense equipment or structures.

Non-reproducible Capital: The Government owns significant amounts of land and mineral deposits. There are no official estimates of the market value of these holdings (and of course, in a realistic sense, much of this land could or would never be sold). Researchers in the private sector have estimated what they are worth, and these estimates are extrapolated in Table 2-1. Private land values fell sharply in the early 1990s, although they have risen somewhat since 1993. It is assumed here that Federal land shared in the decline and the subsequent recovery. Oil prices declined sharply in 1997–1998 but rebounded sharply in 1999, causing the value of Federal mineral deposits to fluctuate. (The estimates omit other types of valuable assets owned by the Government, such as works of art or historical artefacts, simply because the valuation of such assets would have little realistic basis in fact, and because, as part of the Nation's historical heritage, most of these objects would never be sold.)

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

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

Liabilities

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

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

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

present value of all such losses taken together is less than \$0.1 trillion. The resolution of the many failures in the Savings and Loan and banking industries has helped to reduce the liabilities in this category by more than half since 1990.

Federal Pension Liabilities: The Federal Government owes pension benefits to its retired workers and to current employees who will eventually retire. The amount of these liabilities is large. The discounted present value of the benefits is estimated to have been around \$1.6 trillion at the end of FY 1999.³

The Balance of Net Liabilities

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

PART II—THE BALANCE OF RESOURCES AND RESPONSIBILITIES

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

This part of the presentation describes long-run projections of the Federal budget that extend beyond the normal 5- to 10-year budget horizon. Forecasting the economy and the budget over such a long period is highly uncertain. Future budget outcomes depend on a host of unknowns—constantly changing economic conditions, unforeseen international developments, unexpected demographic shifts, the unpredictable forces of technological advance, and evolving political preferences. Those uncertainties increase the further into the future the projections are pushed. Even so, long-run budget projections are needed to assess the full implications of current policies and to sound warnings about future problems that could be avoided by timely action. Federal responsibilities extend well beyond the

next decade. There is no time limit on the Government's constitutional responsibilities, and programs like Social Security are intended to continue indefinitely.

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

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

³These pension liabilities are expressed as the actuarial present value of benefits accrued-to-date based on past and projected salaries. The cost of retiree health benefits is not included. The 1999 liability is extrapolated from recent trends.

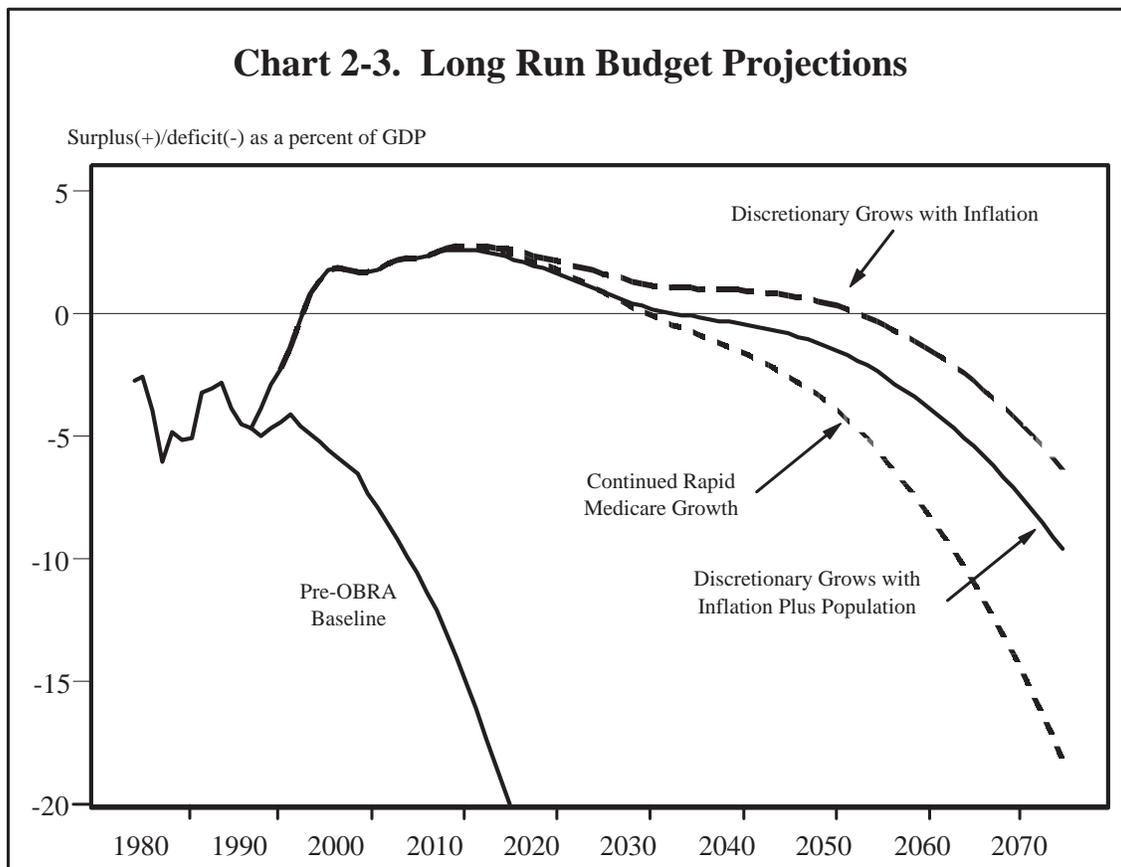
boomers begin to retire. However, even after the baby-boomers have passed from the scene, later in the century, a higher ratio of retirees to workers will persist, given the underlying pattern of low fertility and improving longevity, with concomitant problems for Federal retirement programs. These same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

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

⁴Over long periods when the rate of inflation is positive, comparisons of dollar values are meaningless. Even the low rate of inflation assumed in this budget will reduce the value of a 1999 dollar by over 50 percent by 2030, and by 70 percent by the year 2050. For long-run comparisons, it is much more useful to examine the ratio of the surplus/deficit and other budget categories to the expected size of the economy as measured by GDP.

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

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



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

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

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

Another sign of the shifting consensus is provided in CBO's latest long-run budget projections released

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

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

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

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

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

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

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

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

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

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

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

Alternative Budget Baselines.—Chart 2–3 above shows four alternative budget projections: one based on the policies in place prior to enactment of OBRA 1993 and three others showing current policy projections under alternative assumptions about discretionary

spending and future Federal health care costs.⁸ The chart illustrates the dramatic improvement in the deficit that has already been achieved. Furthermore, it shows that if the unified budget remains in surplus throughout the coming decade, as is now expected, the task of maintaining fiscal stability will be eased when the demographic bulge begins to hit after 2008. Table 2–2 shows long-range projections for the major categories of spending under the three current policy alternatives shown in Chart 2–3. Under each of these alternatives, the major entitlement programs are expected to absorb an increasing share of budget resources.

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

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

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

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

Table 2-2. LONG-RUN BUDGET PROJECTIONS OF 2001 BUDGET POLICY
(Percent of GDP)

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

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

more rapidly, it also recurs in 2027. In all cases, a unified deficit reappears before the end of the 75-year forecast period.

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

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

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

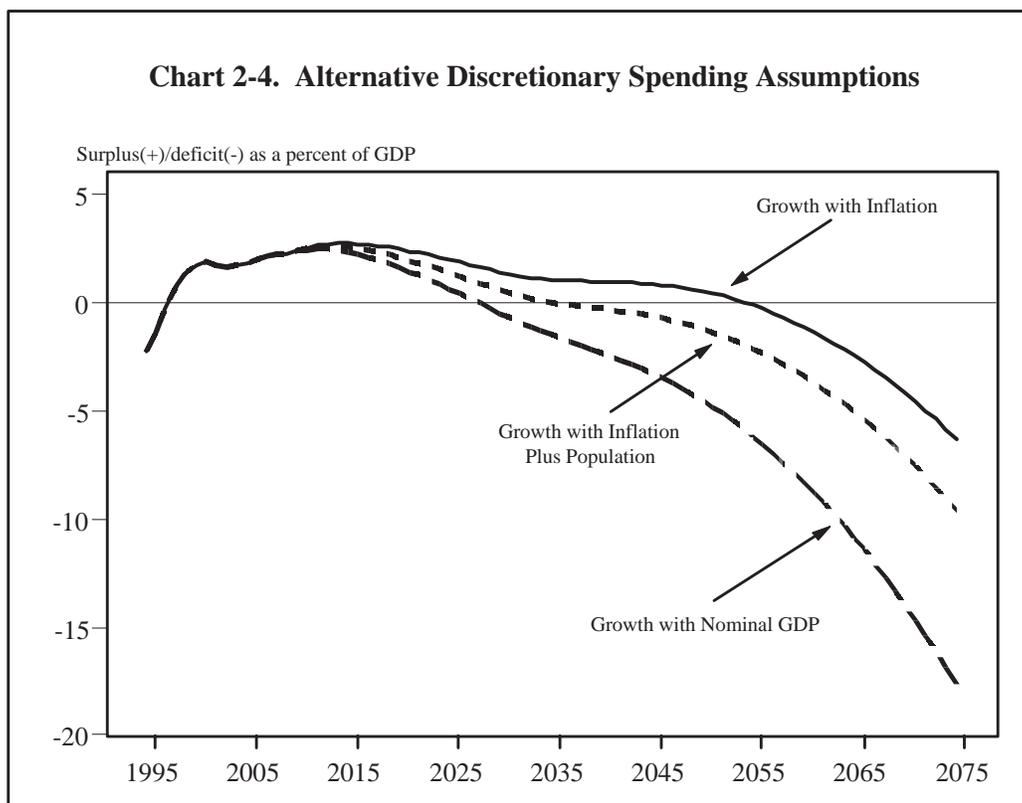
sumed to rise only with the rate of inflation. This assumption, or any other, is essentially arbitrary, because discretionary spending is always determined annually through the legislative process, and no formula can dictate future spending in the absence of legislation. The current services assumption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

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

Some budget analysts have assumed alternatively that discretionary spending is proportional to GDP in the long run; this requires it to increase in real terms whenever there is positive real economic growth. That is a more generous assumption for Government spending than the current services assumption or even the assumption of constant real per capita spending. It might be argued that with rising real per capita incomes, the public demand for Government services—

more national parks, better roads, and additional Federal support for scientific research—will increase as well. Some of these demands might be met within fixed real spending limits through increased productivity in the Federal sector, such as has accompanied recent reductions of the Federal workforce. The assumption also flies in the face of recent experience; since its peak in 1968, the discretionary spending share of GDP has been cut in half—from 13.6 percent to 6.5 percent in 2000. Thus, there are arguments on both sides. Chart 2-4 compares the baseline alternatives with a scenario in which discretionary spending rises in step with nominal GDP.

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



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

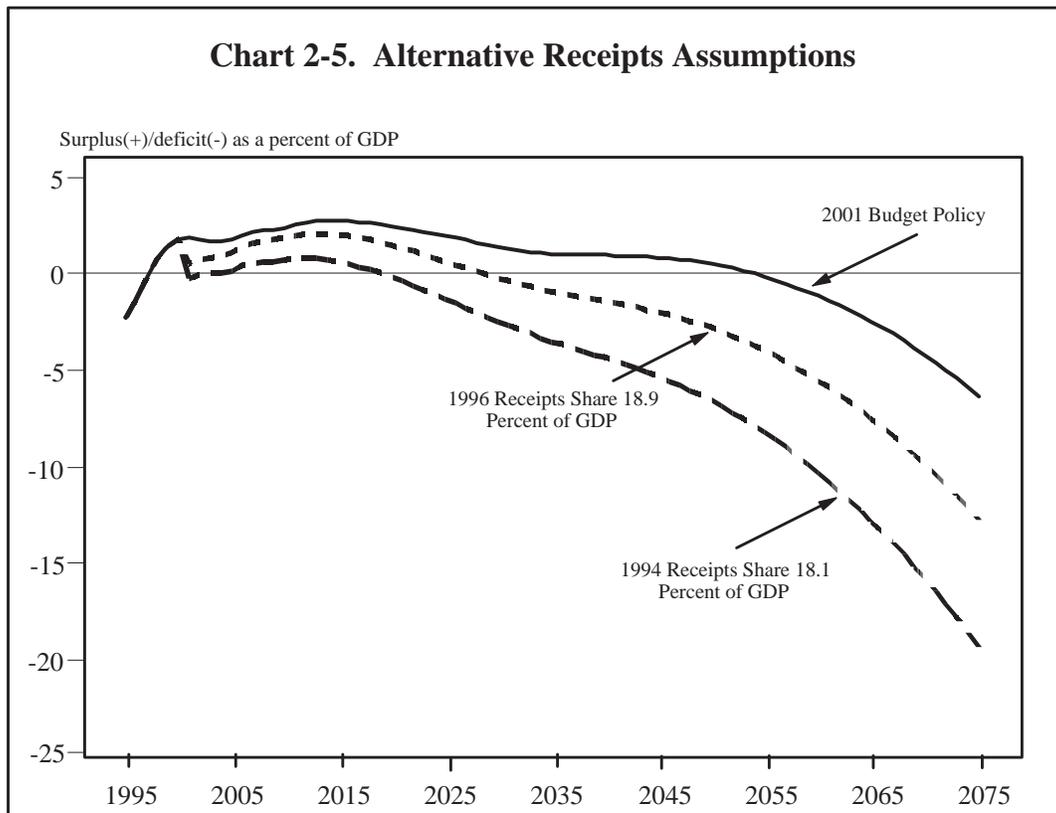
3. *Taxes:* In the absence of policy changes, the ratio of taxes to GDP is not assumed to vary much in these long-range projections. Individual income taxes tend to rise relative to income, because the assumed rate of real income growth implies some “real bracket creep.” The tax code is indexed for inflation,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

The starting point for these projections is the current ratio of Federal receipts to GDP. That ratio reached 20.0 percent in 1999, and it is expected to be 20.4 percent in 2000—the highest levels since World War II. This was not the result of new Federal taxes. Tax rates have been essentially unchanged since 1994, when the changes enacted in OBRA took effect. Since then, however, tax collections as a share of GDP have risen about two percentage points. The reasons for this increase are not yet fully understood. The rapid rise in the stock market, which has generated large capital gains for investors and made possible lucrative stock options and bonuses for executives, is generally believed to be a major factor. This Budget assumes that there

will be some moderation in the ratio of receipts to GDP over the next few years. The share of revenues in the medium term is below the peak levels recently experienced. Even so, receipts are projected to remain above their historical average relative to the economy. Should the share of tax receipts instead return to near its historical average that would have an adverse effect on the long-range budget projections.

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

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



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

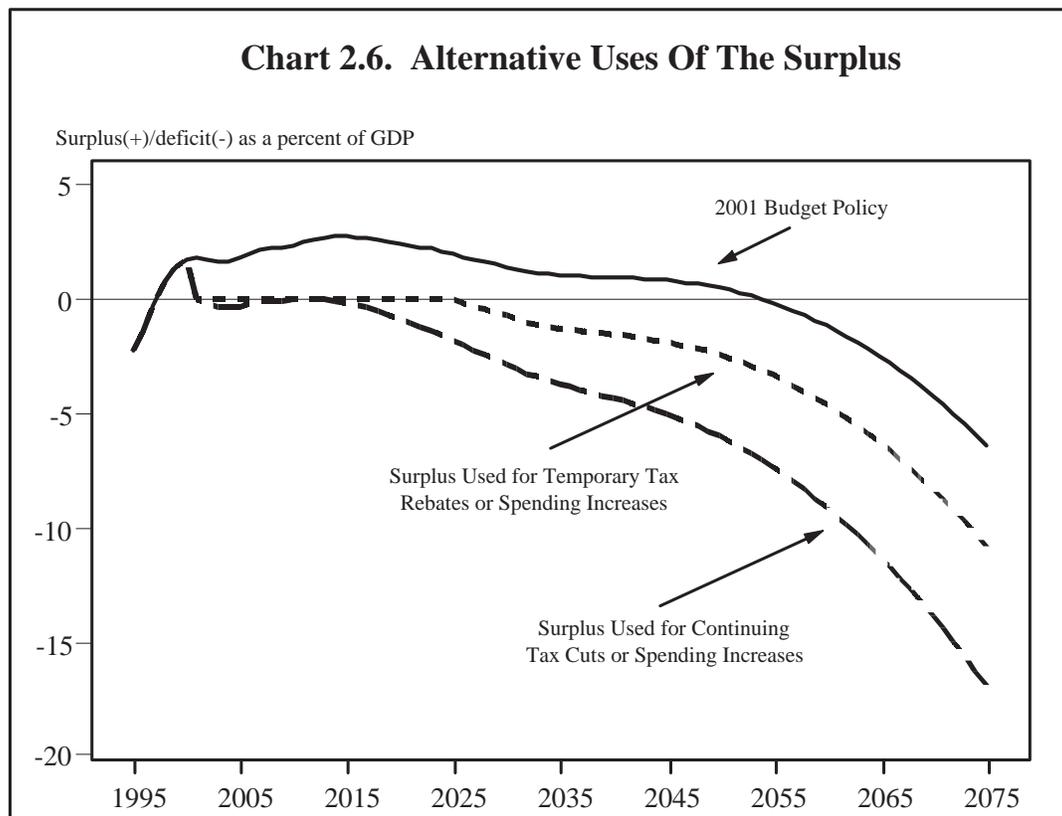
5. *What Happens When the Federal Debt Is Repaid?*

A surplus means the Government takes in more receipts from the public than it pays out in the form of Government outlays. The extra receipts are used to retire debt. This is not unlike a family paying off its mortgage, and like a family with a mortgage, the Government may eventually be free from debt. This has happened only once before in the history of the United States, and then only briefly a century and a half ago;

but with the current level of projected surpluses, such an eventuality has become a real possibility. When the budget window closes in 2010, the Administration projects that debt held by the public will be 7 percent of GDP, a lower level than at any time since before the United States entered World War I.

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

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



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

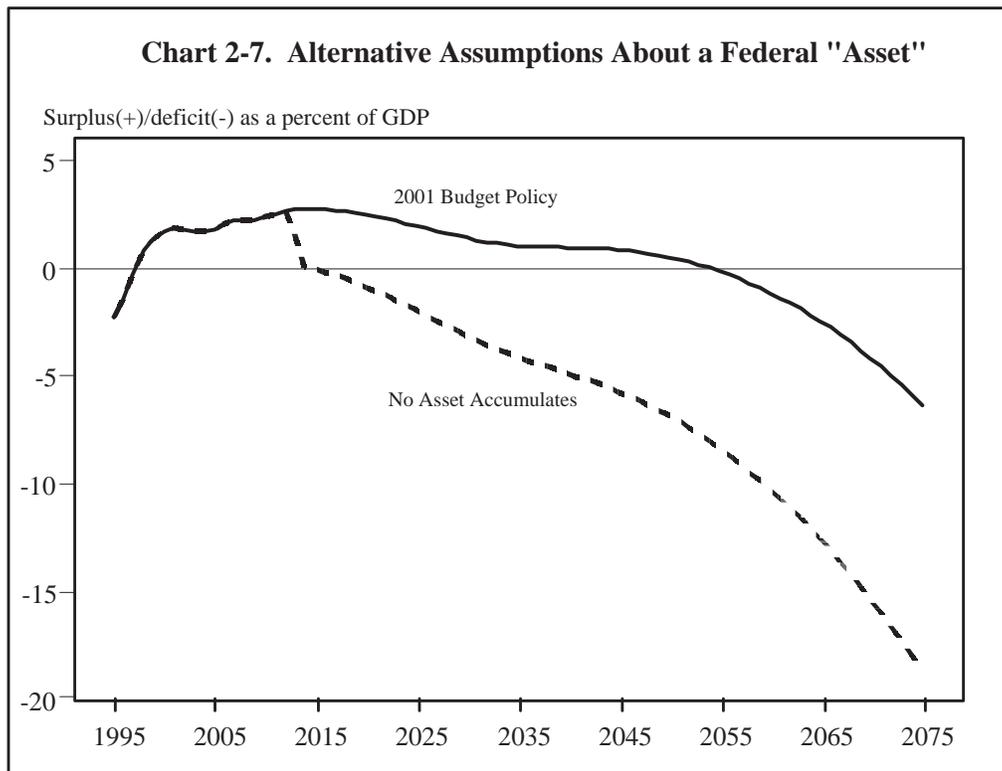
Chart 2-7 compares the current services baseline with a scenario in which spending is permanently increased or taxes permanently cut when Federal debt held by the public reaches zero. Without the national asset, the deficit reappears much sooner. The interest earned by the asset is no longer available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

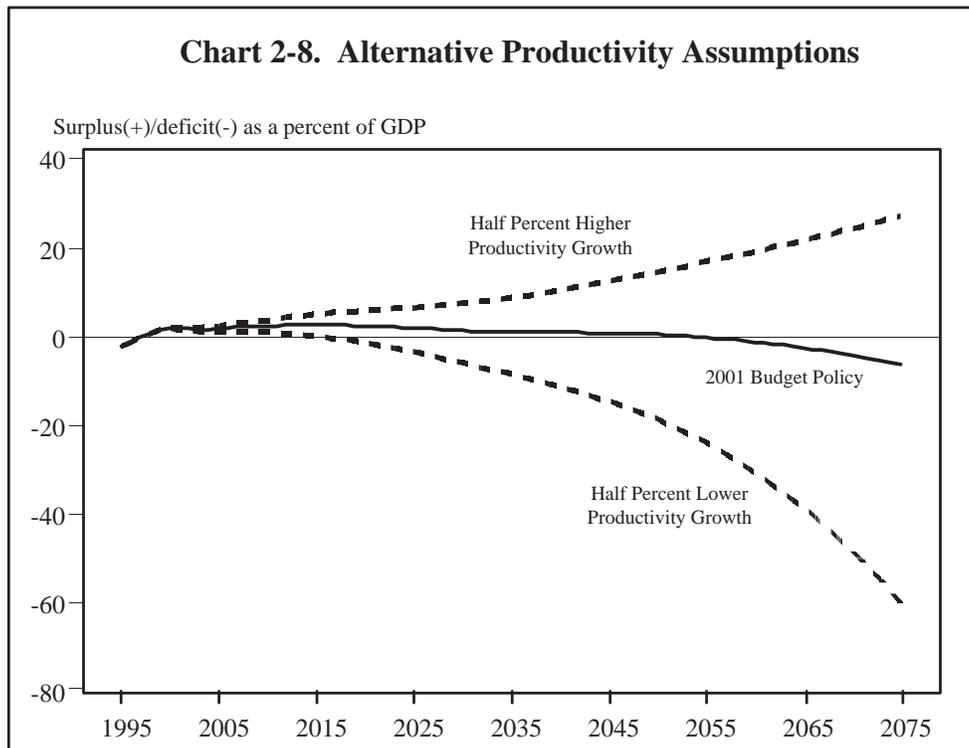
6. *Productivity*: Productivity growth in the U.S. economy slowed after 1973. This slowdown was responsible for the slower rise in U.S. real incomes after that time. Recently, productivity growth has increased. Since the end of 1995, productivity has grown about as fast as it did during the 25-year period prior to 1973. The revival of productivity growth is one of the most welcome developments of the last several years. Productivity is affected by changes in the budget surplus/deficit which alter the level of national saving and investment, but many other factors also influence productivity as well. The surplus/deficit in turn is affected by changes in productivity growth which determine the size of the economy, and hence future receipts. Two alternative scenarios illustrate what would happen to the budget deficit if productivity growth were either higher or lower than assumed. A higher rate of growth

would make the task of preserving a balanced budget much easier; indeed, it would permit expanded spending or reduced taxes without worsening the budget picture. A lower productivity growth rate would have the opposite effect. Chart 2-8 shows how the surplus/deficit varies with changes of one-half percentage point of average productivity growth in either direction.

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

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





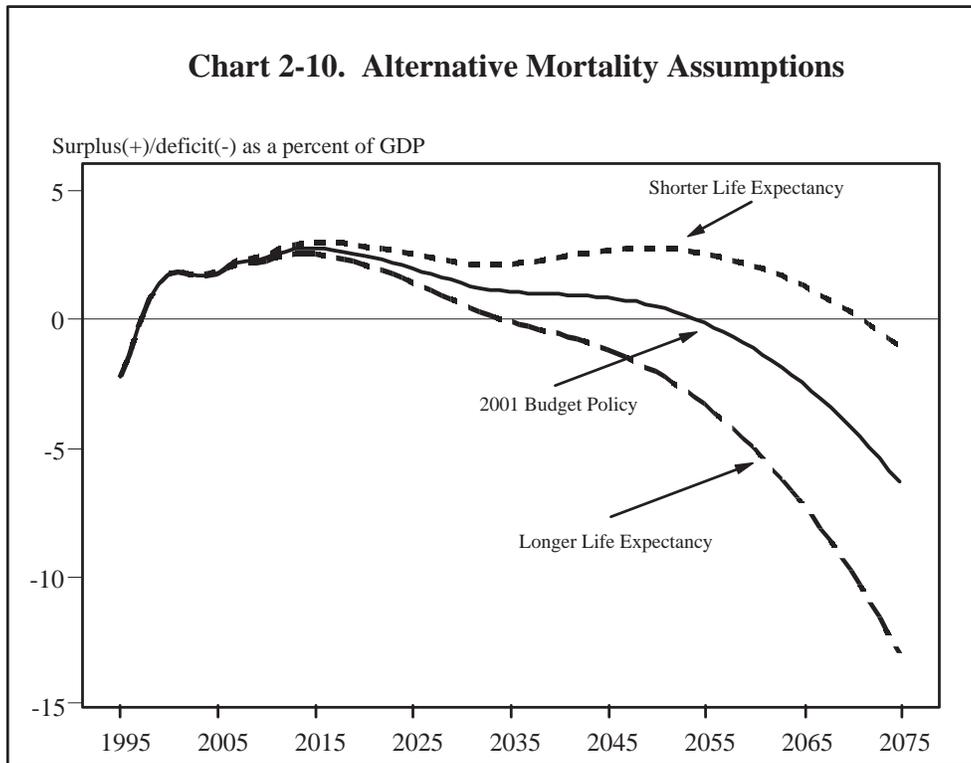
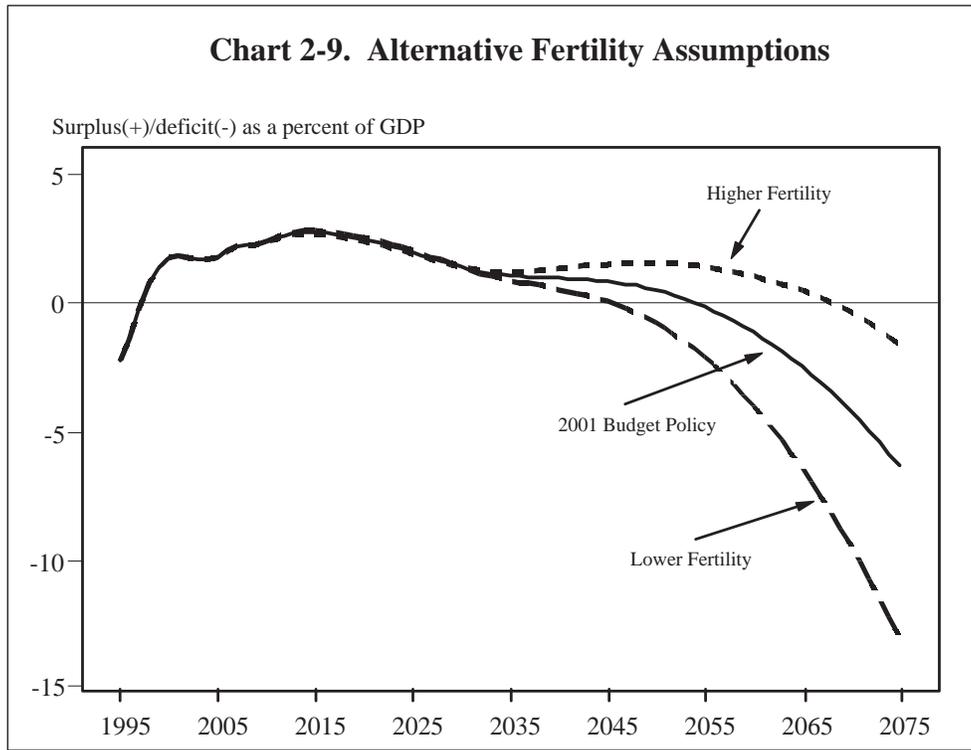
so is another drop in fertility. The U.S. fertility rate has never fallen below 1.7, but such low rates have been observed recently in some European countries. Chart 2-9 shows the effects of alternative fertility assumptions on the surplus/deficit; higher fertility contributes to a larger labor force,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

- The increasing proportion of the elderly projected for the U.S. population is due to both low fertility, which reduces the number of children per adult, and longer lifespans. Since 1970, the average lifespan for U.S. women has increased from 74.9 years to 79.5 years, and it is projected to rise to 82.8 years by 2050. Men do not live as long as women on average, but their lifespan has also increased from 67.2 years in 1970 to 73.6 years in 1999, and it is expected to reach 78.1 years by 2050. If the U.S. population were to experience much slower improvements in mortality, than in the recent past, the relatively shorter lifespans would help to improve the surplus/deficit by reducing Social Security benefits. Conversely, if the population were to live significantly longer than is now expected, the outlook for the surplus/deficit would worsen. This is illustrated in Chart 2-10. Last year, the technical panel to the Social Security Advisory Board recommended raising expected lifespans in the annual Trustees' Report. The recommendation essentially is to adopt what had been the high-cost assumption as the inter-

mediate or base case. This would raise expected lifespans in 2050 to 85.6 years for women and to 80.8 years for men.

- A final factor influencing long-run projections is the rate of immigration. The United States is an open society. In the 19th century, a huge wave of immigration helped build the country; the last two decades of the 20th century have witnessed another burst of immigration. The net flow of legal immigrants has been averaging around 850,000 per year since 1992, while illegal immigration adds to these figures. This is the highest absolute rate in U.S. history, but as a percentage of population it is only about a third as high as immigration was in 1901-1910. Chart 2-11 presents alternatives in which future immigration is held to zero and allowed to rise 50 percent above and below the intermediate actuarial assumptions in the Social Security Trustees' Report.

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



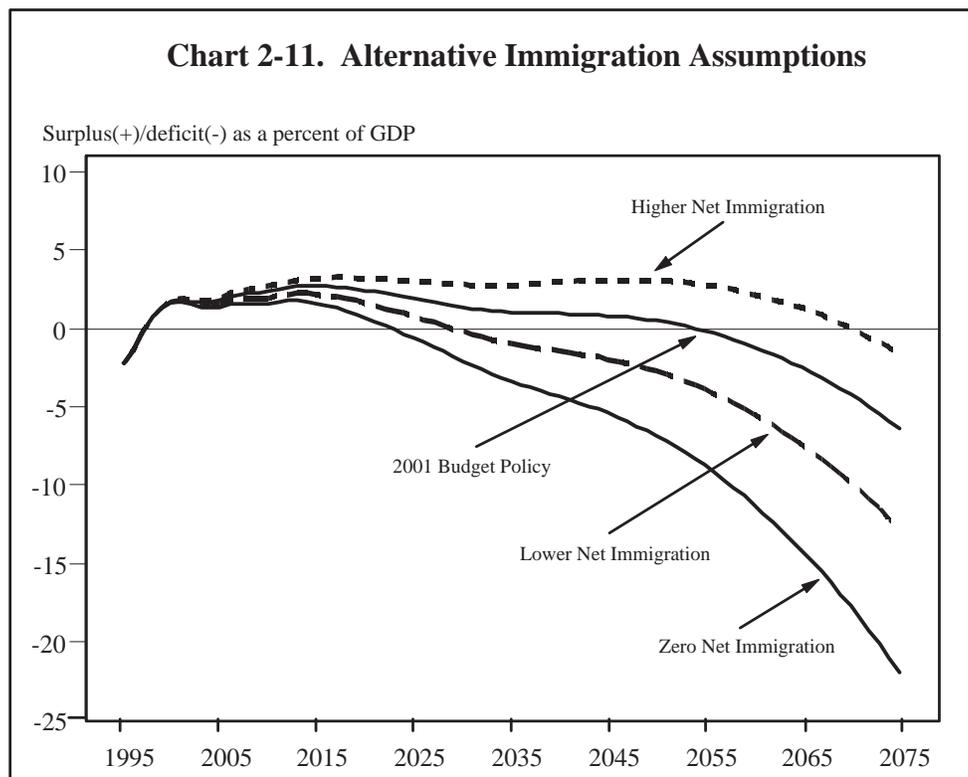
return to deficits can be avoided with continued budget discipline. Both Social Security and Medicare confront long-run deficits in their respective Trust Funds, which must be addressed regardless of the prospects for the unified surplus. But the favorable outlook for the unified budget should make it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

Actuarial Balance in the Social Security and Medicare Trust Funds

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

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

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



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

(As a percent of taxable payroll)

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

PART III—NATIONAL WEALTH AND WELFARE

Unlike a private corporation, the Federal Government routinely invests in ways that do not add directly to its assets. For example, Federal grants are frequently used to fund capital projects by State or local Governments for highways and other purposes. Such investments are valuable to the public, which pays for them with taxes, but they are not owned by the Federal Government and would not show up on a conventional Federal balance sheet.

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

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

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

Table 2-4. NATIONAL WEALTH
(As of the end of the fiscal year, in trillions of 1999 dollars)

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

Physical Assets:

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

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

Education Capital:

Economists have developed the concept of human capital to reflect the notion that individuals and society invest in people as well as in physical assets. Invest-

ment in education is a good example of how human capital is accumulated.

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

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

governments, parents, and students themselves (who forgo earning opportunities in order to acquire education).

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

Research and Development Capital:

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

Liabilities:

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

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

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

Trends in National Wealth

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

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

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

Other Federal Influences on Economic Growth

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

One important channel of influence is the Federal budget surplus/deficit, which determines the size of Federal saving when it is positive or the Federal borrowing requirement when it is negative. Had deficits been smaller in the 1980s, the gap between Federal liabilities and assets shown in Table 2–1 would be smaller today. It is also likely that, had the more than \$3 trillion in added Federal debt since 1980 been avoided, a significant share of these funds would have gone into private investment. National wealth might have been 3 to 5 percent larger in 1999 had fiscal policy avoided the buildup in the debt.

Social Indicators

There are certain broad responsibilities that are unique to the Federal Government. Especially important are fostering healthy economic conditions, promoting health and social welfare, and protecting the environment. Table 2–5 offers a rough cut of information that can be useful in assessing how well the Federal Government has been doing in promoting these general objectives.

The indicators shown here are a limited subset drawn from the vast array of available data on conditions in the United States. In choosing indicators for this table, priority was given to measures that were consistently available over an extended period. Such indicators make it easier to draw valid comparisons and evaluate trends. In some cases, however, this meant choosing indicators with significant limitations.

The individual measures in this table are influenced to varying degrees by many Government policies and programs, as well as by external factors beyond the Government's control. They do not measure the outcomes of Government policies, because they generally do not show the direct results of Government activities, but they do provide a quantitative measure of the progress or lack of progress in reaching some of the ultimate values that Government policy is intended to promote.

Such a table can serve two functions. First, it highlights areas where the Federal Government might need to modify its current practices or consider new approaches. Where there are clear signs of deteriorating conditions, corrective action might be appropriate. Second, the table provides a context for evaluating other data on Government activities. For example, Government actions that weaken its own financial position

Table 2-5. ECONOMIC AND SOCIAL INDICATORS

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

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

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

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

may be appropriate when they promote a broader social objective.

An example of this occurs during economic recessions, when reductions in tax collections lead to increased Government borrowing that adds to Federal liabilities. This decline in Federal net assets, however, provides an automatic stabilizer for the private sector. State and local Governments and private budgets are strengthened by allowing the Federal budget to go into deficit. More stringent Federal budgetary controls could be used to hold down Federal borrowing during such periods, but only at the risk of aggravating the downturn and weakening the other sectors.

The Government cannot avoid making such trade-offs because of its size and the broad ranging effects of its actions. Monitoring these effects and incorporating them in the Government's policy making is a major challenge.

It is worth noting that, in recent years, many of the indicators in this table have turned around. The improvement in economic conditions has been widely noted, but there have also been some significant social improvements. Perhaps most notable has been the turnaround in the crime rate. Since reaching a peak in

the early 1990s, the violent crime rate has fallen by over 25 percent, and preliminary data suggest that the improvement continued in 1999. The turnaround is especially dramatic in the murder rate, which is lower now than at any time since the 1960s. Government policies are only one set of factors in this remarkable reversal, but more effective policing along with broader changes that have helped improve economic prospects for all Americans appear to be having a good effect.

An Interactive Analytical Framework

No single framework can encompass all of the factors that affect the financial condition of the Federal Government. Nor can any framework serve as a substitute for actual analysis. Nevertheless, the framework presented here offers a useful way to examine the financial aspects of Federal policies. Increased Federal support for investment, the promotion of national saving through fiscal policy, and other Administration policies to enhance economic growth are expected to promote national wealth and improve the future financial condition of the Federal Government. As that occurs, the efforts will be revealed in these tables.

TECHNICAL NOTE: SOURCES OF DATA AND METHOD OF ESTIMATING

Federally Owned Assets and Liabilities

Assets:

Financial Assets: The source of data is the Federal Reserve Board's Flow-of-Funds Accounts. The gold stock was revalued using the market value for gold.

Physical Assets:

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

Fixed Nonreproducible Capital: Historical estimates for 1960–1985 were based on estimates in Michael J. Boskin, Marc S. Robinson, and Alan M. Huber, "Government Saving, Capital Formation and Wealth in the United States, 1947–1985," published in *The Measurement of Saving, Investment, and Wealth*, edited by Robert E. Lipsey and Helen Stone Tice (The University of Chicago Press, 1989).

Estimates were updated using changes in the value of private land from the Flow-of-Funds Balance Sheets and for oil deposits from the Producer Price Index for Crude Energy Materials.

Liabilities:

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

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

Pension Liabilities: For 1979–1998, the estimates are the actuarial accrued liabilities as reported in the annual reports for the Civil Service Retirement System, the Federal Employees Retirement System, and the Military Retirement System (adjusted for inflation). Estimates for the years before 1979 are extrapolations. The estimate for 1999 is a projection.

Long-Run Budget Projections

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

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

age rate of growth implied by the budget's economic assumptions.

Budget Projections: For the budget period through 2010, the projections follow the budget. Beyond the budget horizon, receipts are projected using simple rules of thumb linking income taxes, payroll taxes, excise taxes, and other receipts to projected tax bases derived from the economic forecast. Outlays are computed in different ways. Discretionary spending is projected according to current services assumptions in which it grows at the composite rate of inflation in Federal pay and non-pay spending; it is also projected on alternative assumptions which permit it to grow with both inflation and population, and also to grow with nominal GDP. Social Security is projected by the Social Security actuaries using these long-range assumptions. Medicare and Federal pensions are derived from the most recent actuarial forecasts available at the time the budget was prepared, repriced using Administration inflation assumptions. OMB's Health Division projects Medicaid outlays based on the economic and demographic projections in the model. Other entitlement programs are projected based on rules of thumb linking program spending to elements of the economic and demographic forecast such as the poverty rate.

National Balance Sheet Data

Publicly Owned Physical Assets: Basic sources of data for the federally owned or financed stocks of capital are the Federal investment flows described in Chapter 6. Federal grants for State and local Government capital are added, together with adjustments for inflation and depreciation in the same way as described above for direct Federal investment. Data for total State and local Government capital come from the revised capital stock data prepared by the Bureau of Economic Analysis extrapolated for 1998–1999.

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

Education Capital: The stock of education capital is computed by valuing the cost of replacing the total years of education embodied in the U.S. population 16 years of age and older at the current cost of providing schooling. The estimated cost includes both direct expenditures in the private and public sectors and an estimate of students' forgone earnings, i.e., it reflects the opportunity cost of education.

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

and educational attainment are from *Money Income in the United States*, series P60, published by the Bureau of the Census.

For this presentation, Federal investment in education capital is a portion of the Federal outlays included in the conduct of education and training. This portion includes direct Federal outlays and grants for elementary, secondary, and vocational education and for higher education. The data exclude Federal outlays for physical capital at educational institutions because these outlays are classified elsewhere as investment in physical capital. The data also exclude outlays under the GI Bill; outlays for graduate and post-graduate education spending in HHS, Defense and Agriculture; and most outlays for vocational training.

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

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

Federally funded capital stock estimates were prepared using the perpetual inventory method in which annual investment flows are cumulated to arrive at a capital stock. This stock was adjusted for depreciation by assuming an annual rate of depreciation of 10 percent on the estimated stock of applied research and development. Basic research is assumed not to depreciate. The 1993 Budget contains additional details on the estimates of the total federally financed R&D stock, as well as its national defense and nondefense components (see *Budget for Fiscal Year 1993*, January 1992, Part Three, pages 39–40).

A similar method was used to estimate the stock of R&D capital financed from sources other than the Federal Government. The component financed by universities, colleges, and other nonprofit organizations is estimated based on data from the National Science Foundation, Surveys of Science Resources. The industry-financed R&D stock component is estimated from that source and from the U.S. Department of Labor, *The Impact of Research and Development on Productivity Growth*, Bulletin 2331, September 1989.

Experimental estimates of R&D capital stocks have recently been prepared by BEA. The results are described in "A Satellite Account for Research and Development," *Survey of Current Business*, November 1994. These BEA estimates are lower than those presented here primarily because BEA assumes that the stock of basic research depreciates, while the estimates in Table 2–4 assume that basic research does not depreciate. BEA also assumes a slightly higher rate of depreci-

ation for applied research and development, 11 percent, compared with the 10 percent rate used here.

Social Indicators

The main sources for the data in this table are the Government statistical agencies. Generally, the data are publicly available in such general sources as the annual *Economic Report of the President* and the *Statistical Abstract of the United States*, and from the agencies' Web sites.

FEDERAL RECEIPTS AND COLLECTIONS

3. FEDERAL RECEIPTS

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

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

Growth in receipts.—Total receipts in 2001 are estimated to be \$2,019.0 billion, an increase of \$62.8 billion or 3.2 percent relative to 2000. This increase is largely due to assumed increases in incomes resulting from both real economic growth and inflation. Receipts are projected to grow at an average annual rate of 3.8 percent between 2001 and 2005, rising to \$2,340.9 billion.

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

Table 3-1. RECEIPTS BY SOURCE—SUMMARY

(In billions of dollars)

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

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

(In billions of dollars)

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

ENACTED LEGISLATION

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

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

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

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

Restrict basis creation through section 357(c).—A transferor generally is required to recognize gain on a transfer of property in certain tax-free exchanges to the extent that the sum of the liabilities assumed, plus those to which the transferred property is subject, exceeds the transferor's basis in the property. This gain recognition to the transferor generally increases the basis of the transferred property in the hands of the transferee. However, if a recourse liability is secured

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

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

Ticket to Work and Work Incentives Improvement Act of 1999.—This Act, which was signed by President Clinton on December 17, 1999, ensures that individuals with disabilities have a greater opportunity to participate in the workforce and in the American Dream and extends important tax provisions. Despite these accomplishments, the President is disappointed that this Act includes a provision for a special allowance adjustment for student loans, that it delays the implementation of a proposed Department of Health

and Human Services final rule on the distribution of human organs for transplantation, and that the revenue losses are not fully offset. The major provisions of this Act affecting governmental receipts are described below.

Expired and Expiring Provisions

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

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

an application for expedited refund, an adjustment of estimated taxes, or other means that are allowed by the Internal Revenue Code. Similarly, research credits that are attributable to the period beginning on October 1, 2000 and ending on September 30, 2001 may not be taken into account in determining any amount required to be paid for any purpose under the Internal Revenue Code prior to October 1, 2001.

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

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

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

Extend the welfare-to-work tax credit.—The welfare-to-work tax credit enables employers to claim a tax credit on the first \$20,000 of eligible wages paid to certain long-term family assistance recipients. The credit is 35 percent of the first \$10,000 of eligible wages

in the first year of employment and 50 percent of the first \$10,000 of eligible wages in the second year of employment. Under this Act the credit is extended to apply to individuals who begin work on or after July 1, 1999 and before January 1, 2002.

Extend exclusion for employer-provided educational assistance.—Certain amounts paid by an employer for educational assistance provided to an employee are excluded from the employee's gross income for income and payroll tax purposes. The exclusion is limited to \$5,250 of educational assistance with respect to an individual during a calendar year and applies whether or not the education is job-related. The exclusion, which is limited to undergraduate courses, is extended to apply to courses beginning after May 31, 2000 and before January 1, 2002.

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

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

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

1999 may be carried forward for up to three years and unused authority arising in 2000 and 2001 may be carried forward for up to two years.

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

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

Time-Sensitive Provisions

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

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

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

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

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

by the Fair Act as in effect on the date of enactment of this Act.

Revenue Offset Provisions

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

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

Expand reporting of cancellation of indebtedness income.—Gross income generally includes income from the discharge of indebtedness. If a bank, thrift institu-

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

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

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

Modify installment method for accrual basis taxpayers.—Generally, an accrual method requires a taxpayer to recognize income when all events have occurred that fix the right to its receipt and its amount

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

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

or any other person (other than a charitable organization) designated by the transferor. The Act also imposes an excise tax on any participating charity equal to the amount of any premiums paid by the charity on such a "personal benefit contract" in connection with a charitable split-dollar insurance transaction. The deduction is denied for any transfers after February 8, 1999 and the excise tax applies to premiums paid after December 17, 1999.

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

Modify rules relating to real estate investment trusts (REITs).—REITs generally are restricted to owning passive investments in real estate and certain securities. Under prior law, no single corporation could account for more than five percent of the total value of a REIT's assets, and a REIT could not own more than 10-percent of the outstanding voting securities of any issuer. Through the use of non-voting preferred stock and multiple subsidiaries, up to 25 percent of the value of a REIT's assets could consist of subsidiaries that conduct otherwise impermissible activities. Under this Act, the 10-percent vote test is changed to a 10-percent "vote or value" test, meaning that a REIT cannot own more than 10 percent of the outstanding voting securities or more than 10 percent of the total value of securities of a single issuer. In addition, taxable REIT subsidiaries owned by a REIT cannot represent more than 20 percent of the value of a REIT's assets. For purposes of the 10-percent value test, securities are generally defined to exclude safe harbor debt owned by a REIT.

In addition, an exception to the limitation on ownership of securities of a single issuer applies in the case of a "taxable REIT subsidiary" that meets certain requirements. The Act also provides rules for the operation of hotels and health care facilities; defines "independent contractor" for certain purposes; modifies REIT distribution requirements to conform to the rules for regulated investment companies (RICs); modifies earnings and profits rules for RICs and REITs; and replaces the prior law adjusted basis comparison with a fair market comparison, in determining whether certain rents from personal property exceed a 15-percent limit. These provisions generally are effective for taxable years beginning after December 31, 2000, with transition for certain REIT holdings and leases in effect on July 12, 1999.

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

Other Provisions

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

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

ADMINISTRATION PROPOSALS

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

PROVIDE TAX RELIEF

Expand Educational Opportunities

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

Provide incentives for public school construction and modernization.—The Administration proposes to institute a new program of Federal tax assistance for public elementary and secondary school construction or rehabilitation. Under the proposal, State and local governments (including U.S. possessions) would be able to issue up to \$22 billion of "qualified school modernization bonds," \$11 billion in each of 2001 and 2002. In addition, \$200 million of qualified school modernization bonds in each of 2001 and 2002 would be allocated for the construction and renovation of Bureau of Indian Affairs funded schools. Holders of these bonds would receive annual Federal income tax credits, set according to market interest rates by the Treasury Department, in lieu of interest. Issuers would be responsible for repayment of principal. These qualified school modernization bonds would be similar to qualified zone academy bonds (QZABs), created by TRA97 and extended by the

Ticket to Work and Work Incentives Improvement Act of 1999. QZABs allow bonds to be issued for certain public schools with the interest on the bonds effectively paid by the Federal government in the form of an annual income tax credit. The proceeds of these bonds can be used for teacher training, purchases of equipment, curricular development, and rehabilitation and repair of the school facilities. The Administration proposes to authorize the issuance of additional QZABs of \$1.0 billion in 2001 and \$1.4 billion in 2002, and to allow the proceeds of these bonds also to be used for school construction.

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

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

Eliminate tax when forgiving student loans subject to income contingent repayment.—Students who borrow money to pay for postsecondary education through the Federal government's Direct Loan program may elect income contingent repayment of the loan. If they elect this option, their loan repayments are adjusted in accordance with their income. If after the borrower makes repayments for a twenty-five year pe-

riod any loan balance remains, it is forgiven. The Administration proposes to eliminate any Federal income tax the borrower may otherwise owe as a result of the forgiveness of the loan balance. The proposal would be effective for loan cancellations after December 31, 2000.

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

Provide Poverty Relief and Revitalize Communities

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

cent for families with three or more children. If both spouses work and earn at least \$725, the credit would begin to phase out at \$14,480 (\$7,380 if the couple does not reside with children). For taxpayers with two or more children, the phase-out rate would be reduced from 21.06 percent to 19.06 percent.

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

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

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

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

from the selected community development investment entity, and the credit amount that could be claimed for each of the five years would equal six percent of the amount paid to acquire the stock or equity interest from the community development investment entity. The credit would be subject to current-law general business credit rules, and would be available for qualified investments made after December 31, 2000.

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

Provide Better America Bonds to improve the environment.—Under current law, State and local governments may issue tax-exempt bonds to finance purely public environmental projects. Certain other environmental projects may also be financed with tax-exempt bonds, but are subject to an overall cap on private-purpose tax-exempt bonds. The subsidy provided with tax-exempt bonds may not provide a deep enough subsidy to induce State and local governments to undertake beneficial environmental infrastructure projects. The Administration proposes to allow State and local governments (including U.S. possessions and Indian tribal governments) to issue tax credit bonds (similar

to existing Qualified Zone Academy Bonds) to finance projects to protect open spaces or otherwise to improve the environment. Significant public benefits would be provided by creating more livable urban and rural environments; creating forest preserves near urban areas; protecting water quality; rehabilitating land that has been degraded by toxic or other wastes or destruction of its ground cover; improving parks; and reestablishing wetlands. A total of \$2.15 billion of bond authority would be authorized for each of the five years beginning in 2001. The Environmental Protection Agency, in consultation with other agencies, would allocate the bond authority based on competitive applications. The bonds would have a maximum maturity of 15 years and the bond issuer effectively would receive an interest-free loan for the term of the bonds. During that interval, bond holders would receive Federal income tax credits in lieu of interest.

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

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

Bridge the Digital Divide

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

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

Provide tax credit for workplace literacy, basic education, and basic computer skills training.—Under current law, employers may deduct the costs of providing workplace literacy, basic education, and basic computer skill programs to employees, but no tax credits are allowed for any employer-provided education. As a result, employers lack sufficient incentive to provide basic education programs, the benefits of which are more difficult for employers to capture through increased productivity than the benefits of job-specific education. The Administration proposes to allow employers who provide certain workplace literacy, English literacy, basic education, or basic computer training for their eligible employees to claim a credit against Federal income taxes equal to 20 percent of the employer’s qualified expenses, up to a maximum

credit of \$1,050 per participating employee. Qualified education would be limited to basic instruction at or below the level of a high school degree, English literacy instruction, or basic computer skills. Eligible employees in basic education or computer training generally would not have received a high school degree or its equivalent. Instruction would be provided either by the employer, with curriculum approved by the State Adult Education Authority, or by local education agencies or other providers certified by the Department of Education. The credit would be available for taxable years beginning after December 31, 2000.

Make Health Care More Affordable

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

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

tive for taxable years beginning after December 31, 2001.

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

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

Provide tax relief to encourage small business health plans.—Small businesses generally face higher costs in establishing and operating health plans than do larger employers. Health benefit purchasing coalitions provide an opportunity for small businesses to offer a greater choice of health plans to their workers and to purchase health insurance at a reduced cost. The formation of these coalitions, however, has been hindered by limited access to capital. The Administration proposes to establish a temporary, special tax rule in order to facilitate the formation of health benefit purchasing coalitions. The special rule would facilitate private foundation grants and loans to fund initial operating expenses of qualified coalitions by treating such grants and loans as being made for exclusively charitable purposes. The special foundation rule would apply to grants and loans made prior to January 1, 2009

for initial operating expenses incurred prior to January 1, 2011. In addition, in order to encourage the use of qualified coalitions by small businesses, the Administration proposes a temporary tax credit for small employers that currently do not provide health insurance to their workforces. The credit would equal 20 percent of small employer contributions to employee health plans purchased through a qualified coalition. The credit would be available to employers with at least two, but not more than 50 employees, counting only employees with annual compensation of at least \$10,000 in the prior calendar year. The maximum per policy credit amount would be \$400 per year for individual coverage and \$1,000 per year for family coverage. The credit would be allowed with respect to employer contributions made during the first 24 months that the employer purchases health insurance through a qualified coalition, and would be subject to the overall limitations of the general business credit. The proposed credit would be effective for taxable years beginning after December 31, 2000 for health plans established before January 1, 2009.

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

Strengthen Families and Improve Work Incentives

Provide marriage penalty relief and increase standard deduction.—Under current law, the standard deduction for single filers is estimated to be \$4,500 in 2001. For married couples who file joint individual returns, the standard deduction will be \$7,550, which is less than the combined amount for two single individuals. To reduce marriage penalties, the Administration proposes to increase the standard deduction for two-earner couples to double the amount of the standard

deduction for single filers. The increase would be phased in evenly over five years. When fully phased in, the increase (at 2001 levels) would be \$1,450. In addition, beginning in 2005, the Administration proposes to increase the standard deduction by \$250 for single filers, \$350 for heads of household, and \$500 for joint filers.

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

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

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

Provide tax incentives for employer-provided child-care facilities.—The Administration proposes to provide taxpayers a credit equal to 25 percent of expenses incurred to build or acquire a child care facility for employee use, or to provide child care services to children of employees directly or through a third party. Taxpayers also would be entitled to a credit equal to 10 percent of expenses incurred to provide employees with child care resource and referral services. A taxpayer's credit could not exceed \$150,000 in a single

year. Any deduction the taxpayer would otherwise be entitled to take for the expenses would be reduced by the amount of the credit. Similarly, the taxpayer's basis in a facility would be reduced to the extent that a credit is claimed for expenses of constructing or acquiring the facility. The credit would be effective for taxable years beginning after December 31, 2000.

Promote Expanded Retirement Savings, Security, and Portability

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

Encourage Retirement Savings

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

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

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

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

cent basic match is available for taxpayers with AGI up to \$80,000 (\$40,000 from 2002 to 2004) on joint returns, \$60,000 (\$30,000 from 2002 to 2004) on head-of-household returns and \$40,000 (\$20,000 from 2002 to 2004) on single returns.

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

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

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

Expand Pension Coverage for Employees of Small Business

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

Provide tax credit for plan start up and administrative expenses.—The Administration proposes a three-year tax credit for the administrative and retirement education expenses of any small business that sets up a new qualified defined benefit or defined contribution plan (including a 401(k) plan), savings incentive match plan for employees (SIMPLE), simplified employee pension (SEP), or payroll deduction IRA arrangement. The credit would cover 50 percent of the first

\$2,000 in administrative and retirement education expenses for the plan or arrangement for the first year of the plan and 50 percent of the first \$1,000 of such expenses for each of the second and third years. The tax credit would help promote new plan sponsorship by targeting a tax benefit to employers adopting new plans or payroll deduction IRA arrangements, providing a marketing tool to financial institutions and advisors promoting new plan adoption, and increasing awareness of retirement savings options. The credit would be available for plans established after 1998 and before 2010.

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

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

Enhance the 401(k) SIMPLE plan.—The Administration proposes expanding the small business 401(k) SIMPLE plan and making it significantly more flexible without sacrificing fairness in the allocation of contributions to moderate- and lower-wage employees. The proposal would make three major changes to the existing 401(k) SIMPLE plan nonelective contribution alternative. First, non-highly compensated employees would be permitted to contribute up to \$10,500 a year. Second, the employer's options under a 401(k) SIMPLE plan would be expanded: instead of being required to make a two-percent nonelective employer contribution (with a \$6,000 employee contribution limit), employers could opt to make a one-percent, two-percent, three-percent or higher nonelective employer contribution (subject to the requirement that all eligible employees receive the same rate of nonelective contribution). The one-percent 401(k) SIMPLE plan would allow highly compensated employees to contribute up to \$3,000 to the plan if the employer made a non-integrated, fully vested, with-

drawal-restricted one-percent automatic contribution on behalf of all employees. The proposal would not change the current-law two-percent 401(k) SIMPLE plan, with its \$6,000 contribution limit, except to restrict application of the \$6,000 limit to highly compensated employees, allowing others to contribute up to \$10,500. In addition, as is the case under current law with the 401(k) nonelective safe harbor, an employer could make a three-percent (or greater) nonelective contribution, permitting all employees, including highly compensated ones, to contribute up to \$10,500. Third, employers would have the flexibility to wait until as late as December 1 of the year for which the contribution is made to assess their financial situation for the year and decide on the level of their nonelective contribution.

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

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

Enhance Fairness in Pension Plans

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

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

Modify contribution and annual addition limitations.—The deduction limits for profit sharing plans

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

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

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

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

plan will not be treated as violating the restrictions on distributions when it honors the terms of a QDRO.

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

Promote Retirement Savings Portability

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

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

Expand permitted rollovers of employer-provided retirement savings.—Under current law, rollovers are not allowed between qualified retirement plans, section 403(b) tax-sheltered annuities and governmental section 457(b) plans. The Administration proposes that an eligible rollover distribution from a qualified retirement plan, a section 403(b) tax-sheltered annuity, or a governmental section 457(b) plan could be rolled over to a traditional IRA, a qualified retirement plan, a section 403(b) annuity, or a governmental section 457(b) plan. Amounts distributed from a governmental section 457(b) plan would be subject to the early withdrawal

tax to the extent the distribution consists of amounts attributable to rollovers from another type of plan. A governmental section 457(b) plan would be required to separately account for such amounts. To facilitate the preservation of the retirement savings of participants in governmental section 457(b) plans and to rationalize the treatment of different types of broad-based retirement plans, the Administration also proposes to extend the direct rollover and withholding rules to governmental section 457(b) plans. These plans, like qualified plans, would be required to provide written notification to participants regarding eligible rollover distributions (but would not be required to accept rollovers). Finally, the proposal would allow eligible rollover distributions to be rolled over from a qualified trust sponsored by a previous employer to a Federal employee's Thrift Savings Plan (TSP) account.

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

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

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

contributions) would be eliminated for new hires and rehires.

Improve Pension Security

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

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

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

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

Increase Disclosure and Right to Know

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

Improve disclosure for plan amendments that significantly reduce future benefit accruals.—The Administration's proposal would strengthen the existing disclosure requirements that apply when a pension plan is amended to significantly reduce the rate of future benefit accrual. The proposal would require that the notice summarize the important terms of the amend-

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

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

Provide AMT Relief for Families and Simplify the Tax Laws

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

sion would complement the provision enacted in 1999 that allows the use of personal credits against the AMT through 2001.

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

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

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

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

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

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

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

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

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

Provide interest treatment for dividends paid by certain regulated investment companies to foreign persons.—Under current law, foreign investors in U.S. bond and money-market mutual funds are effectively subject to withholding tax on interest income and short term capital gains derived through such funds. Foreign investors that hold U.S. debt obligations directly generally are not subject to U.S. taxation on such interest income and gains. This proposal would eliminate the discrepancy between these two classes of foreign investors by eliminating the U.S. withholding tax on dis-

tributions from U.S. mutual funds that hold substantially all of their assets in cash or U.S. debt securities (or foreign debt securities that are not subject to withholding tax under foreign law). The proposal is designed to enhance the ability of U.S. mutual funds to attract foreign investors and to eliminate complications now associated with the structuring of vehicles for foreign investment in U.S. debt securities. The proposal would be effective for mutual fund taxable years beginning after the date of enactment.

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

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

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

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

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

Encourage Philanthropy

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

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

Increase limit on charitable donations of appreciated property.—Under current law, charitable contributions made by individuals who do not claim the standard deduction are deductible for income tax purposes, up to certain limits depending on the type of

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

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

Promote Energy Efficiency and Improve the Environment

Buildings

Provide tax credit for energy-efficient building equipment.—No income tax credit is provided currently for investment in energy-efficient building equip-

ment. The Administration proposes to provide a new tax credit for the purchase of certain highly efficient building equipment technologies, including fuel cells, electric heat pump water heaters, and natural gas heat pumps. The credit would equal 20 percent of the amount of qualified investment, subject to caps of \$500 per kilowatt for fuel cells, \$500 per unit for electric heat pump water heaters, and \$1,000 per unit for natural gas heat pumps. The credit would be available for the four-year period beginning January 1, 2001 and ending December 31, 2004.

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

Transportation

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

Industry

Provide 15-year depreciable life for distributed power property.—Distributed power technologies can be more energy efficient and generate fewer greenhouse gases than conventional generation methods. To promote the use of these technologies, the Administration proposes to simplify and rationalize the current system for assigning cost recovery periods to certain depre-

able property by assigning a single 15-year recovery period to qualifying distributed power property. Distributed power property would include depreciable assets used by a taxpayer to produce electricity for use in a nonresidential or residential building that is used in the taxpayer's trade or business. Such property also would include depreciable assets used to generate electricity for primary use in an industrial manufacturer's process or plant activity, provided such assets had a rated total capacity in excess of 500 kilowatts. Qualifying property could be used to produce thermal energy or mechanical power for use in a heating or cooling application. However, at least 40 percent of the total useful energy produced in a commercial or residential setting must consist of electrical power. When used in an industrial setting, at least 40 percent of produced energy must be used in the taxpayer's manufacturing process or plant activity. In addition, a taxpayer would be required to have a reasonable expectation that no more than 50 percent of the produced electricity would be sold to, or used by, unrelated persons. The proposal would apply to assets placed in service after the date of enactment.

Clean Energy Sources

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

Provide tax credit for solar energy systems.—Current law provides a 10-percent business energy invest-

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

Electricity Restructuring

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

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

Modify International Trade Provisions

Extend and modify Puerto Rico economic-activity tax credit.—The Puerto Rico and possessions tax credit was repealed in 1996. However, both the income-based credit and the economic-activity-based credit remain available for certain business operations con-

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

Extend the Generalized System of Preferences (GSP) and modify other trade provisions.—Under GSP, duty-free access is provided to over 4,000 items from eligible developing countries that meet certain worker rights, intellectual property protection, and other criteria. The Administration proposes to extend the program, which expires after September 30, 2001, through June 30, 2004. The Administration also is proposing to: (1) enhance trade benefits, through December 31, 2010, for subsaharan African countries undertaking strong economic reforms; (2) grant, through September 30, 2004, duty-free treatment to certain imports from the Southeast Europe countries and territories of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania, Slovenia, Kosovo and Montenegro; and (3) provide, through December 31, 2004, expanded trade benefits mainly on textiles and apparel to Caribbean Basin countries that meet new eligibility criteria. These proposals will help Caribbean Basin countries prepare for a future free trade agreement with the United States and respond to the effects of Hurricanes George and Mitch, and will help the countries of Southeast Europe rebuild and reintegrate their economies and work toward achieving lasting political stability in the region.

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

Miscellaneous Provisions

Make first \$2,000 of severance pay exempt from income tax.—Under current law, payments received by a terminated employee are taxable as compensation. The Administration proposes to allow an individual to exclude up to \$2,000 of severance pay from income when certain conditions are met. First, the severance must result from a reduction in force by the employer. Second, the individual must not obtain a job within six months of separation with compensation at least equal to 95 percent of his or her prior compensation. Third, the total severance payments received by the

employee must not exceed \$75,000. The exclusion would be effective for severance pay received in taxable years beginning after December 31, 2000 and before January 1, 2004.

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

ELIMINATE UNWARRANTED BENEFITS AND ADOPT OTHER REVENUE MEASURES

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

Limit Benefits of Corporate Tax Shelter Transactions

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

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

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

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

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

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

Codify the economic substance doctrine.—The “economic substance” doctrine is a longstanding, judicially-created standard providing that in order for a transaction to be respected for tax purposes, it must be imbued with economic substance. The economic substance doctrine requires an analysis and balancing of the claimed tax benefits from a transaction with the pre-tax profit of the transaction. The Administration proposes codifying the economic substance standard. Under the proposal, a transaction will not be respected for tax purposes if the present value of the expected economic profit from the transaction is insignificant

compared to the present value of the expected tax benefits. Similar rules would apply to financing transactions. The proposal would apply to transactions entered into on or after the date of first committee action.

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

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

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

Modify treatment of ESOP as S corporation shareholder.—Pursuant to provisions enacted in 1996 and 1997, an employee stock ownership plan (ESOP) may be a shareholder of an S corporation and the ESOP’s share of the income of the S corporation is not subject to tax until distributed to the plan beneficiaries. The Administration proposes to require ESOPs that are not broad based to pay tax on S corporation income (including capital gains on the sale of stock) as the income is earned and to allow the ESOP a deduction for distributions of such income to plan beneficiaries. The deduction would apply only to the extent distributions exceed all prior undistributed amounts

that were previously not subject to unrelated business income tax. The proposal would be effective for taxable years beginning on or after the date of first committee action. In addition, the proposal would be effective for acquisitions of S corporation stock by an ESOP after such date and for S corporation elections made on or after such date.

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

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

fective for liquidations and terminations occurring on or after the date of enactment.

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

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

person. The proposal would contain an exception for certain short term transactions entered into in the ordinary course of business. The Secretary of Treasury would be granted regulatory authority to provide exceptions from these rules. The proposal would be effective for amounts accrued on or after the date of first committee action.

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

Amend 80/20 company rules.—Interest or dividends paid by a so-called "80/20 company" generally are partially or fully exempt from U.S. withholding tax. A U.S. corporation is treated as an 80/20 company if at least 80 percent of the gross income of the corporation for the three-year period preceding the year of the payment is foreign source income attributable to the active conduct of a foreign trade or business (or the foreign business of a subsidiary). Certain foreign multinationals improperly seek to exploit the rules applicable to 80/

20 companies in order to avoid U.S. withholding tax liability on earnings of U.S. subsidiaries that are distributed abroad. The proposal would prevent taxpayers from avoiding withholding tax through manipulations of these rules. The proposal would limit the amount of interest and dividends exempt from withholding to the amount of foreign active business income received by the U.S. corporation during the 3-year testing period. The proposal would apply to interest or dividends paid or accrued more than 30 days after the date of enactment.

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

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

Financial Products

Require banks to accrue interest on short-term obligations.—Under current law, a bank (regardless of its accounting method) must accrue as ordinary income interest, including original issue discount, on

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

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

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

Modify and clarify the straddle rules.—A "straddle" is the holding of two or more offsetting positions with respect to actively-traded personal property. If a taxpayer enters into a straddle, the taxpayer must defer the recognition of loss from the "loss leg" of the straddle until the taxpayer recognizes the offsetting gain from the "gain leg" of the straddle. Further, the taxpayer must capitalize the net interest and carrying charges properly attributable to the straddle. The proposal would modify and clarify a number of provisions under the straddle rules. In particular, to match the timing of straddle losses with related gains, the proposal would provide that loss realized on one leg of a straddle would

be capitalized into the other leg of the straddle. This capitalization would operate as an ordering rule eliminating the need for an identification rule when the legs are of different sizes. In addition, to ensure that the loss on a straddle leg is properly measured, the proposal would require taxpayers that physically settle certain derivatives contracts to determine the amount of the loss subject to deferral under the straddle rules immediately before the physical settlement. The proposal would also repeal the current-law exception from the straddle rules for certain offsetting positions in stock. Finally, the proposal would clarify that a debt instrument issued by a taxpayer may itself be a leg in a straddle and would clarify the situations in which interest and carrying charges are considered properly allocable to a straddle and, therefore, must be capitalized. The proposal would be effective for certain losses incurred and certain straddles entered into on or after the date of first committee action.

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

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

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

marketable securities. The proposal would prohibit the deferral of gain where the fund is a passive investment vehicle. The proposal would be effective for transfers occurring on or after the date of enactment.

Corporate Provisions

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

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

Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions.—No gain or loss will be recognized if one or more persons transfer property to a controlled corporation (or partnership) solely in exchange for stock in the corporation (or a partnership interest). Where there is a transfer of less than “all substantial rights” to use property, the Internal Revenue Service’s position is that such transfer will not qualify as a tax-free exchange. However, the Claims

Court rejected the Service’s position in *E.I. Du Pont de Nemours and Co. v. U.S.*, holding that any transfer of something of value could be a “transfer” of “property.” The inconsistency between the positions has resulted in whipsaw of the government. The Administration proposes to provide that a transfer of an interest in intangible property constituting less than all of the substantial rights of the transferor will not fail to qualify for tax-free treatment solely because the transferor does not transfer all rights, title and interest in an intangible asset, and the transferor must allocate the basis of the intangible between the retained rights and the transferred rights based upon respective fair market values. Consistent reporting by the transferor and the transferee would be required. This proposal is effective for transfers after the date of enactment.

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

Modify definition of nonqualified preferred stock.—Subject to certain exceptions, in otherwise tax-free transactions, the receipt of nonqualified preferred stock is treated as money or other property and, thus, gain may be recognized. Under current law, nonqualified preferred stock is defined as stock which is “limited and preferred as to dividends and does not participate in corporate growth to any significant extent.” Taxpayers may be taking positions that are in-

consistent with the policy of the nonqualified preferred stock provisions (i.e., nonrecognition treatment is inappropriate where taxpayers receive relatively secure instruments in exchange for relatively risky instruments), by including illusory participation rights or including terms that taxpayers argue create an “unlimited” dividend. The proposal would clarify the definition of preferred stock to eliminate taxpayer arguments that stock issued is nominally participating or unlimited as to dividends. The proposal would apply to transactions that occur after the date of first committee action.

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

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

Passthroughs

Provide mandatory basis adjustments for partners that have a significant net built-in loss in partnership property.—Currently, a partner’s share of basis in partnership property is adjusted in the case of a distribution of partnership property or a sale of a partnership interest only if the partnership has a special election in effect. The electivity of these provi-

sions has created numerous opportunities for abuse by taxpayers. Accordingly, the Administration proposes that the basis adjustment rules would be made mandatory with respect to any partner (treating related persons as one person), whose share of net built-in loss in partnership property is equal to the greater of \$250,000 or ten percent of the partner’s total share of partnership assets (measured by reference to fair market value). In calculating the ten-percent threshold, property acquired by the partnership with a principal purpose of allowing a partner or partners to avoid the limitation would be disregarded. The proposal would be effective for distributions and transfers of partnership interest after the date of enactment.

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

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

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

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

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

the tax liability of its residual interest. Under the proposal, if the tax on the residual was not paid when due, the REMIC would be required to pay the tax. Similar rules would apply with respect to Financial Asset Securitization Investment Trusts (FASITs). The proposal would be effective for REMICs and FASITs created after the date of enactment.

Tax Accounting

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

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

Repeal lower-of-cost-or-market inventory accounting method.—Taxpayers required to maintain inventories are permitted to use a variety of methods to determine the cost of their ending inventories, including the last-in, first-out (LIFO) method, the first-in, first-out (FIFO) method, and the retail method. Taxpayers not using a LIFO method may determine the carrying values of their inventories by applying the lower-of-cost-or-market (LCM) method or by writing down the cost of goods that are unsalable at normal prices or unusable in the normal way because of damage, imperfection or other similar causes (subnormal goods method). The allowance of write-downs under the LCM and subnormal goods methods is essentially a one-way mark-to-market method that understates taxable income. The Administration proposes to repeal the

LCM and subnormal goods methods effective for taxable years beginning after the date of enactment.

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

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

Cost Recovery

Provide consistent amortization periods for intangibles.—Under current law, start-up and organiza-

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

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

Apply rules generally applicable to acquisitions of intangible assets to acquisitions of professional sports franchises.—In general, the purchase price allocated to most intangible assets (including franchise rights) acquired in connection with the acquisition of a trade or business must be capitalized and amortized over a 15-year period. These rules were enacted in 1993 to minimize disputes regarding the proper treatment

of acquired intangible assets. Special rules apply to intangible assets acquired in connection with a professional sports franchise. The 15-year amortization rules do not apply and special allocation rules apply to the purchase price. In order to provide consistent treatment among different trades or businesses and to minimize disputes regarding intangible assets acquired in connection with a professional sports franchise, the Administration proposes to repeal the special rules applicable to professional sports franchise acquisitions and apply the rules generally applicable to most intangible assets. The proposal would be effective for acquisitions after the date of enactment.

Insurance

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

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

sition costs generally would be permitted to capitalize their actual policy acquisition costs.

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

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

Modify rules that apply to tax-exempt property casualty insurance companies.—Under current law, an insurance company with up to \$350,000 of premium income is tax-exempt, regardless of the amount of investment income it has. Another provision allows cer-

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

Exempt Organizations

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

Impose penalty for failure to file an annual information return.—To encourage voluntary compliance and assist the IRS in its enforcement efforts, the proposal would impose a penalty on split-interest trusts (such as charitable remainder trusts, charitable lead trusts, and pooled income funds) that fail to file an

annual information return on Form 5227. Form 5227 contains information regarding the trust's financial activities and whether the trust is subject to certain excise taxes. Under the proposal, any failure to file Form 5227 would be subject to a penalty of \$20 per day (up to a maximum of \$10,000 per return) or, in the case of any trust with income in excess of \$250,000, \$100 per day (up to a maximum of \$50,000 per return). In addition, any trustee who knowingly fails to file Form 5227, unless such failure is not willful and is due to reasonable cause, would be jointly and severally liable for the amount of the penalty. The proposal would be effective for any return the due date for which is after the date of enactment.

Estate and Gift

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

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

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

of the property on the date of transfer and the consideration paid. This proposal would be effective for transactions entered into on or after the date of enactment.

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

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

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

Eliminate gift tax exemption for personal residence trusts.—Current law excepts transfers of personal residences in trust from the special valuation rules applicable when a grantor retains an interest in

a trust. The Administration proposes to repeal this personal residence trust exception. Thereafter, if a residence is to be used to fund a grantor retained interest trust, the trust would be required to pay out the required annuity or unitrust amount or else the grantor's retained interest would be valued at zero for gift tax purposes. This proposal would be effective for transfers in trust after the date of enactment.

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

Pensions

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

Increase excise tax for excess IRA contributions.—Excess IRA contributions are currently subject to an annual 6-percent tax rate. With high investment returns, this annual 6-percent rate may be insufficient to discourage contributions in excess of the current limits for IRAs. The Administration proposes increasing from 6 percent to 10 percent the excise tax on excess contributions to IRAs for taxable years after the year the excess contribution is made. Thus, the 6-percent rate would continue to apply for the year of the excess contribution and the higher annual rate would only

apply if the excess amounts are not withdrawn from the IRA. This increase would be effective for taxable years beginning after 2000.

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

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

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

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

Compliance

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

Require withholding on certain gambling winnings.—Proceeds of most wagers with odds of less than 300 to 1 are exempt from withholding, as are all bingo and keno winnings. The Administration proposes to impose withholding on proceeds of bingo or keno in excess of \$5,000 at a rate of 28 percent, regardless of the odds of the wager, effective for payments made after the start of the first calendar quarter that is at least 30 days after the date of enactment.

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

Increase penalties for failure to file correct information returns.—Any person who fails to file required information returns in a timely manner or incorrectly reports such information is subject to penalties. For taxpayers filing large volumes of information returns or reporting significant payments, existing penalties (\$15 per return, not to exceed \$75,000 if corrected within 30 days; \$30 per return, not to exceed \$150,000 if corrected by August 1; and \$50 per return, not to exceed \$250,000 if not corrected at all) may not be sufficient to encourage timely and accurate reporting. The Administration proposes to increase the general penalty amount, subject to the overall dollar limitations, to the greater of \$50 per return or five percent of the total amount required to be reported. The increased penalty would not apply if the aggregate amount actually reported by the taxpayer on all returns filed for that calendar year was at least 97 percent of the amount required to be reported. The increased penalty would be effective for returns the due date for which is more than 90 days after the date of enactment.

Miscellaneous

Modify deposit requirement for Federal Unemployment Act (FUTA).—Beginning in 2005, the Administration proposes to require an employer to pay Federal and State unemployment taxes monthly (instead of quarterly) in a given year, if the employer's FUTA tax liability in the immediately preceding year was \$1,100 or more.

Reinstate Oil Spill Liability Trust Fund tax.—Before January 1, 1995, a five-cents-per-barrel excise tax was imposed on domestic crude oil and imported oil and petroleum products. The tax was dedicated to the Oil Spill Liability Trust Fund to finance the cleanup of oil spills and was not imposed for a calendar quarter if the unobligated balance in the Trust Fund exceeded \$1 billion at the close of the preceding quarter. The Administration proposes to reinstate this tax for the period after September 30, 2001 and before October 1, 2010. The tax would be suspended for a given calendar quarter if the unobligated Trust Fund balance at the end of the preceding quarter exceeded \$5 billion.

Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands.—Taxpayers are allowed to deduct a reasonable allowance for depletion relating to certain mineral deposits. The depletion deduction for any taxable year is calculated under either the cost depletion method or the percentage depletion method, whichever results in the greater allowance for depletion for the year. The percentage depletion method is viewed as an incentive for mineral production rather than as a normative rule for recovering the taxpayer's investment in the property. This incentive is excessive with respect to minerals mined on Federal and formerly Federal lands under the 1872 mining act, in light of the minimal costs of acquiring the mining rights (\$5.00 or less per

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

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

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

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

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

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

International Identified Tax Havens

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

Require reporting of all payments to identified tax havens—The proposal would provide that all pay-

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

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

Mark-to-Market Proposals

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

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

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

Other International Provisions

Expand ECI rules to include certain foreign source income.—Under current rules, only certain enumerated types of foreign source income of a non-resident (rents, royalties, interest, dividends and sales of inventory property) can be treated as effectively connected with a U.S. trade or business (“ECI”) and thus subject to net basis taxation. Economic equivalents of such enumerated types of foreign source income, such as interest equivalents (including letter of credit fees) and dividend equivalents, cannot constitute ECI under any circumstances. Moreover, some excluded foreign source income can in large part be attributable to busi-

ness activities that take place in the United States. For example, a foreign satellite corporation with an office, satellite ground station or other fixed place of business in the United States may earn income with respect to the leasing of a satellite. Under current rules, such foreign source income would not be subject to U.S. tax as ECI even if it is attributable to the foreign corporation’s U.S. office. The proposal would expand the categories of foreign source income that could constitute ECI to include interest equivalents and dividend equivalents and to include other income that is attributable to an office or other fixed place of business in the U.S. The proposal would be effective for taxable years beginning after date of enactment.

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

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

Modify rules relating to foreign oil and gas extraction income.—To be eligible for the U.S. foreign

tax credit, a foreign levy must be the substantial equivalent of an income tax in the U.S. sense, regardless of the label the foreign government attaches to it. Under regulations, a foreign levy is a tax if it is a compulsory payment under the authority of a foreign government to levy taxes and is not compensation for a specific economic benefit provided by the foreign country. Taxpayers that are subject to a foreign levy and that also receive (directly or indirectly) a specific economic benefit from the levying country are referred to as “dual capacity” taxpayers and may not claim a credit for that portion of the foreign levy paid as compensation for the specific economic benefit received. The Administration proposes to treat as taxes payments by a dual-capacity taxpayer to a foreign country that would otherwise qualify as income taxes or “in lieu of” taxes, only if there is a “generally applicable income tax” in that country. For this purpose, a generally applicable income tax is an income tax (or a series of income taxes) that applies to trade or business income from sources in that country, so long as the levy has substantial application both to non-dual-capacity taxpayers and to persons who are citizens or residents of that country. Where the foreign country does generally impose an income tax, as under present law, credits would be allowed up to the level of taxation that would be imposed under that general tax, so long as the tax satisfies the new statutory definition of a “generally applicable income tax.” The proposal also would create a new foreign tax credit basket within section 904 for foreign oil and gas income. The proposal would be effective for taxable years beginning after the date of enactment. The proposal would yield to U.S. tax treaty obligations that allow a credit for taxes paid or accrued on certain oil or gas income.

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

Modify foreign office material participation exception applicable to inventory sales attributable

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

OTHER PROVISIONS THAT AFFECT RECEIPTS

Reinstate environmental tax imposed on corporate taxable income and deposited in the Hazardous Substance Superfund Trust Fund.—Under prior law, a tax equal to 0.12 percent of alternative minimum taxable income (with certain modifications) in excess of \$2 million was levied on all corporations and deposited in the Hazardous Substance Superfund Trust Fund. The Administration proposes to reinstate this tax, which expired on December 31, 1995, for taxable years beginning after December 31, 1999 and before January 1, 2011.

Reinstate excise taxes deposited in the Hazardous Substance Superfund Trust Fund.—The excise taxes that were levied on petroleum, chemicals, and imported substances and deposited in the Hazardous Substance Superfund Trust Fund are proposed to be reinstated for the period after the date of enactment and before October 1, 2010. These taxes expired on December 31, 1995.

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

Increase excise tax on tobacco products and levy a youth smoking assessment on tobacco manufacturers.—Under current law, the 34-cents-per-pack excise tax on cigarettes is scheduled to increase by 5-cents-per-pack effective January 1, 2002. The Adminis-

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

Recover State bank supervision and regulation expenses (receipt effect).—The Administration proposes to require the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve to recover their respective costs for supervision and regulation of State-chartered banks and bank holding companies. The Federal Reserve currently funds the costs of such examinations from earnings; therefore, deposits of earnings by the Federal Reserve, which are classified as governmental receipts, will increase by the amount of the recoveries.

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

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

Extend abandoned mine reclamation fees.—The abandoned mine reclamation fees, which are scheduled to expire on September 30, 2004, are proposed to be extended through September 30, 2014. These fees, which are levied on coal operators, generally are the lesser of 15 cents per ton for coal produced by under-

ground mining and 35 cents per ton for coal produced by surface mining, or 10 percent of the value of the coal at the mine. Amounts collected will be used to continue abandoned coal mine reclamation. The coal mining states and Indian Tribes have identified over \$4.2 billion in remaining restoration needs. Each year, states, Indian Tribes and Federal agencies identify additional needs.

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

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

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

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

Table 3-3. EFFECT OF PROPOSALS ON RECEIPTS

(In millions of dollars)

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

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

(In millions of dollars)

| | Estimate | | | | | | |
|--|-------------|---------------|----------------|----------------|----------------|----------------|-----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2001-2005 |
| Clarify public charity status of donor advised funds | * | * | * | * | * | * | * |
| Subtotal, encourage philanthropy | | -572 | -1,179 | -833 | -858 | -904 | -4,346 |
| Promote energy efficiency and improve the environment: | | | | | | | |
| Provide tax credit for energy-efficient building equipment | | -18 | -35 | -49 | -71 | -28 | -201 |
| Provide tax credit for new energy-efficient homes | | -82 | -150 | -194 | -134 | -73 | -633 |
| Extend electric vehicle tax credit and provide tax credit for hybrid vehicles | | | -4 | -182 | -700 | -1,192 | -2,078 |
| Provide 15-year depreciable life for distributed power property | | -1 | -1 | -2 | -3 | -3 | -10 |
| Extend and modify the tax credit for producing electricity from certain sources | | -91 | -173 | -220 | -231 | -261 | -976 |
| Provide tax credit for solar energy systems | | -9 | -19 | -25 | -34 | -45 | -132 |
| Subtotal, promote energy efficiency and improve the environment | | -201 | -382 | -672 | -1,173 | -1,602 | -4,030 |
| Electricity restructuring | | 3 | 11 | 20 | 30 | 41 | 105 |
| Modify international trade provisions: | | | | | | | |
| Extend and modify Puerto Rico economic-activity tax credit | | -35 | -67 | -101 | -134 | -166 | -503 |
| Extend GSP and modify other trade provisions ³ | | -10 | -454 | -858 | -884 | -248 | -3,384 |
| Levy tariff on certain textiles/apparel produced in the CNMI ³ | | | 169 | 169 | 169 | 169 | 676 |
| Subtotal, modify international trade provisions ³ | | -10 | -489 | -756 | -849 | -245 | -3,211 |
| Miscellaneous provisions: | | | | | | | |
| Make first \$2,000 of severance pay exempt from income tax | | -43 | -174 | -180 | -138 | | -535 |
| Exempt Holocaust reparations from Federal income tax | | -4 | -17 | -19 | -15 | | -69 |
| Subtotal, miscellaneous provisions | | -4 | -60 | -192 | -153 | | -604 |
| Subtotal, provide tax relief^{2,3} | -241 | -5,883 | -12,740 | -19,053 | -25,134 | -32,940 | -95,750 |
| Refundable credits | | -23 | -679 | -736 | -2,218 | -2,343 | -5,999 |
| Total gross tax relief including refundable credits³ | -241 | -5,906 | -13,419 | -19,789 | -27,352 | -35,283 | -101,749 |
| Eliminate unwarranted benefits and adopt other revenue measures: | | | | | | | |
| Limit benefits of corporate tax shelter transactions: | | | | | | | |
| Increase disclosure of certain transactions, modify substantial understatement penalty for corporate tax shelters, codify the economic substance doctrine, tax income from shelters involving tax-indifferent parties and impose a penalty excise tax on certain fees received by promoters and advisors | | 1,872 | 1,392 | 1,357 | 1,351 | 1,374 | 7,346 |
| Require accrual of income on forward sale of corporate stock | 1 | 5 | 10 | 15 | 21 | 26 | 77 |
| Modify treatment of ESOP as S corporation shareholder | | 15 | 47 | 67 | 88 | 104 | 321 |
| Limit dividend treatment for payments on certain self-amortizing stock | | 22 | 37 | 39 | 40 | 42 | 180 |
| Prevent serial liquidation of U.S. subsidiaries of foreign corporations | 12 | 20 | 19 | 19 | 19 | 18 | 95 |
| Prevent capital gains avoidance through basis shift transactions involving foreign shareholders | 71 | 328 | 121 | 65 | 45 | 26 | 585 |
| Prevent mismatching of deductions and income in transactions with related foreign persons | | 62 | 108 | 112 | 117 | 122 | 521 |
| Prevent duplication or acceleration of loss through assumption of certain liabilities | 4 | 34 | 36 | 37 | 38 | 40 | 185 |
| Amend 80/20 company rules | | 21 | 46 | 53 | 54 | 56 | 230 |
| Modify corporate-owned life insurance (COLI) rules | | 176 | 340 | 417 | 489 | 548 | 1,970 |
| Require lessors of tax-exempt-use property to include service contract options in lease term | | 6 | 11 | 17 | 24 | 30 | 88 |
| Interaction | -42 | -239 | -175 | -157 | -157 | -160 | -888 |
| Subtotal, limit benefits of corporate tax shelter transactions | 46 | 2,322 | 1,992 | 2,041 | 2,129 | 2,226 | 10,710 |
| Other proposals: | | | | | | | |
| Require banks to accrue interest on short-term obligations | 6 | 63 | 21 | 4 | 5 | 5 | 98 |
| Require current accrual of market discount by accrual method taxpayers | 1 | 7 | 13 | 19 | 25 | 31 | 95 |
| Modify and clarify certain rules relating to debt-for-debt exchanges | 9 | 73 | 74 | 71 | 70 | 70 | 358 |
| Modify and clarify the straddle rules | 14 | 30 | 34 | 33 | 34 | 35 | 166 |
| Provide generalized rules for all stripping transactions | 7 | 18 | 22 | 21 | 19 | 18 | 98 |
| Require ordinary treatment for certain dealers of commodities and equity options | 16 | 29 | 31 | 31 | 31 | 31 | 153 |
| Prohibit tax deferral on contributions of appreciated property to swap funds | | 2 | 5 | 8 | 10 | 11 | 36 |
| Conform control test for tax-free incorporations, distributions, and reorganizations | 13 | 34 | 41 | 39 | 38 | 39 | 191 |
| Treat receipt of tracking stock in certain distributions and exchanges as the receipt of property | 28 | 108 | 158 | 153 | 149 | 151 | 719 |
| Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions | 1 | 41 | 51 | 53 | 55 | 57 | 257 |
| Modify tax treatment of certain reorganizations involving portfolio stock | 17 | 49 | 66 | 71 | 77 | 83 | 346 |
| Modify definition of nonqualified preferred stock | 11 | 53 | 61 | 64 | 67 | 54 | 299 |

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

(In millions of dollars)

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

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

(In millions of dollars)

| | Estimate | | | | | | |
|---|------------|--------------|---------------|----------------|----------------|----------------|----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2001-2005 |
| Subtotal, other proposals ³ | 143 | 3,542 | 7,221 | 7,635 | 8,565 | 9,478 | 36,441 |
| Subtotal, eliminate unwarranted benefits and adopt other revenue measures³ | 189 | 5,864 | 9,213 | 9,676 | 10,694 | 11,704 | 47,151 |
| Net tax relief including refundable credits³ | -52 | -42 | -4,206 | -10,113 | -16,658 | -23,579 | -54,598 |
| Other provisions that affect receipts: | | | | | | | |
| Reinstate environmental tax on corporate taxable income ⁴ | | 725 | 432 | 438 | 434 | 437 | 2,466 |
| Reinstate Superfund excise taxes ³ | 152 | 707 | 762 | 772 | 785 | 797 | 3,823 |
| Convert Airport and Airway Trust Fund taxes to a cost-based user fee system ³ | | 724 | 1,399 | 1,500 | 1,522 | 1,522 | 6,667 |
| Increase excise tax on tobacco products and levy a youth smoking assessment on tobacco manufacturers ³ | 446 | 4,084 | 3,738 | 3,532 | 10,140 | 9,700 | 31,194 |
| Recover State bank supervision and regulation expenses (receipt effect) ³ | | 78 | 82 | 86 | 90 | 95 | 431 |
| Maintain Federal Reserve surplus transfer to the Treasury | | 3,752 | | | | | 3,752 |
| Restore premiums for United Mine Workers of America Combined Benefit Fund | | 11 | 10 | 10 | 9 | 9 | 49 |
| Extend abandoned mine reclamation fees ³ | | | | | | 218 | 218 |
| Replace Harbor Maintenance tax with the Harbor Services User Fee (receipt effect) ³ | | -549 | -602 | -647 | -681 | -718 | -3,197 |
| Revise Army Corps of Engineers regulatory program fees ³ | | 5 | 5 | 5 | 5 | 5 | 25 |
| Roll back Federal employee retirement contributions | | -427 | -619 | -160 | | | -1,206 |
| Provide Government-wide buyout authority (receipt effect) | | -9 | -18 | -9 | | | -36 |
| Total, other provisions^{3 4} | 598 | 9,101 | 5,189 | 5,527 | 12,304 | 12,065 | 44,186 |

³ \$500,000 or less¹ The proposal to increase and simplify the Earned Income Tax Credit has both receipts and outlay effects. The receipts effect for the proposal is -\$305 million, -\$304 million, -\$314 million, -\$326 million and -\$339 million for fiscal years 2001-2005, respectively. The outlay effect is \$2,003 million, \$1,936 million, \$1,967 million, \$1,992 million and \$2,001 million for fiscal years 2001-2005, respectively.² Amounts shown are the effect on receipts.³ Net of income offsets⁴ Net of deductibility for income tax purposes

Table 3-4. RECEIPTS BY SOURCE

(In millions of dollars)

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

Table 3-4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

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

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

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

³ Includes both Federal and trust funds.

4. USER FEES AND OTHER COLLECTIONS

In addition to collecting taxes and other receipts by the exercise of its sovereign powers, which is discussed in the previous chapter, the Federal Government collects income from the public from market-oriented activities. Examples of these collections include the sale of postage stamps and electricity, fees for admittance to national parks, premiums for deposit insurance, and rents and royalties for the right to extract oil from the Outer Continental shelf.

Depending on the laws that authorize the collections, they can be credited directly to expenditure accounts as “offsetting collections,” where they are usually available for expenditure without further action by Congress, or they are credited to receipt accounts as “offsetting receipts,” which may be appropriated to expenditure accounts through action by the Congress. The budget refers to them as offsetting collections and offsetting receipts, because they are subtracted from gross outlays rather than added to taxes on the receipts side of the budget. The purpose of this treatment is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice, rather than through the market.¹

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

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

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

(In billions of dollars)

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

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

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

USER FEES

I. Introduction and Background

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

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

¹Showing collections from business-type transactions as offsets on the spending side of the budget follows the concept recommended by the 1967 *Report of the President's Commis-*

sion on Budget Concepts. The concept is discussed in Chapter 24: “Budget System and Concepts and Glossary” in this volume.

Why User Fees?

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

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

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

Alternative definitions. The definition used in this chapter is useful because it identifies goods, services, and regulations financed by earmarked collections and receipts.² Other definitions may be used for other pur-

²The definition used here is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. The definition helps differentiate between taxes, which are under the jurisdiction of the Ways and Means Committee, and fees, which

poses, such as establishing policy for charging prices to the public for goods and services regardless of whether the proceeds are earmarked.

Alternative definitions could, for example:

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

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

can be under the jurisdiction of other committees. See the Congressional Record, January 3, 1991, p. H31, item 8.

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

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

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

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

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

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

What should be the amount of the fee? For programs that have private beneficiaries, the amount of the fee should depend on the costs of producing the goods or services and the portion of the program that is for private benefits. If the benefit is primarily private, and any public benefits are incidental, the Admin-

istration supports fees that cover the full cost to the Government, including both direct and indirect costs.⁴

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

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

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

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

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

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

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

II. Current User Fees

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

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

III. User Fee Proposals

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

A. User Fee Proposals to Offset Discretionary Spending

1. Proposals for Discretionary User Fees

a. Offsetting collections deposited in appropriation accounts

Department of Agriculture

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

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

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

Department of Commerce

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

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

Department of Health and Human Services

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

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

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

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

Table 4-2. TOTAL USER FEE COLLECTIONS

(In millions of dollars)

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

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

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

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

Table 4-3. USER FEE PROPOSALS
(estimated collections in millions of dollars)

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

Table 4-3. USER FEE PROPOSALS—Continued
(estimated collections in millions of dollars)

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

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

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

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

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

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

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

Increase in the Medicare+Choice fees.—The Administration proposes to increase the fee on Medicare+Choice plans by approximately \$131 million

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

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

Department of the Interior

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

Department of Justice

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

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

Department of Transportation

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

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

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

Surface Transportation Board fees.—The Administration proposes to create a fee mechanism to completely offset the expenses of the Surface Transportation Board (STB), the successor to the Interstate Commerce Commission (ICC). The fees would be collected from those who benefit from the continuation of the ICC functions transferred to the STB, i.e. railroads and shippers.

Department of the Treasury

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

Federal Trade Commission (FTC)

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

National Transportation Safety Board (NTSB)

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

b. Offsetting collections deposited in receipt accounts

Department of Justice

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

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

Department of Transportation

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

Environmental Protection Agency

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

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

Nuclear Regulatory Commission (NRC)

Extend Nuclear Regulatory Commission user fees.—Under current law, the NRC must recover approximately 100 percent of its budget (less appropriations from the Nuclear Waste Fund) from licensing, inspection, and annual fees charged to its applicants and licensees through 2000. Unless the law is extended, this requirement will revert to 33 percent of NRC's budget. Because of fairness and equity concerns related to charging NRC licensees for expenses that do not

provide a direct benefit to them, the Administration proposes to extend the requirement to collect fees at approximately 98 percent of the NRC's budget in 2001, 96 percent in 2002, 94 percent in 2003, 92 percent in 2004, and 90 percent in 2005.

2. Proposals for Mandatory User Fees to Offset Discretionary Spending

a. Offsetting collections deposited in appropriation accounts

Federal Deposit Insurance Corporation (FDIC)

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

b. Offsetting collections deposited in receipt accounts

Corps of Engineers

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

c. Receipts

Department of Transportation

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

B. User Fee Proposals to Offset Mandatory Spending

a. Offsetting collections deposited in appropriation accounts

Department of Agriculture

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

Department of Labor

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

Federal Emergency Management Agency (FEMA)

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

b. Offsetting collections deposited in receipt accounts

Department of Agriculture

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

Concession, land use, right of way, and filming permits. This budget proposes to collect fair market value from a variety of forest uses, including special use permits for rights-of-way on Forest Service lands (e.g., for oil and gas pipelines, phone lines, and optic cables), recreational concessions, marinas, and film, motion pic-

ture, and other similar uses. Funds would be available for spending one year after these collections.

Department of Health and Human Services

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

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

Department of the Interior

Recreation and entrance fees.—The Administration proposes to permanently extend the current pilot program which expires in 2001. The National Park Service, Fish and Wildlife Service, and the Bureau of Land

Management would be allowed to collect increased recreation and entrance fees and use the receipts without further appropriation for facility improvements and new services.

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

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

Department of the Treasury

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

OTHER OFFSETTING COLLECTIONS AND RECEIPTS

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

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

Table 4-5 includes all offsetting receipts deposited in receipt accounts. These include payments from one part of the Government to another, called intragovernmental transactions, and collections from the public. These receipts are offset (deducted) from outlays in the Federal budget. In total, offsetting receipts are estimated to be \$413.2 billion in 2001—\$339.9 billion are intragovernmental transactions, and \$73.4 billion are from the public, shown in the table as proprietary receipts and offsetting governmental receipts.

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

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

(In millions of dollars)

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

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Recoveries and refunds ² | 3,831 | 4,028 | 3,406 | 4,440 | 3,436 | 3,514 | 3,688 |
| Proposed Legislation (PAYGO) | | | 22 | -180 | -16 | -24 | -21 |
| Legislative proposal, discretionary offset | | | 1,309 | | | | |
| Miscellaneous receipt accounts ² | 4,724 | 1,426 | 1,436 | 1,437 | 1,442 | 1,449 | 1,452 |
| Total proprietary receipts from the public distributed by agency | 62,985 | 65,589 | 60,833 | 68,456 | 78,854 | 85,715 | 93,023 |
| Undistributed by agency: | | | | | | | |
| Other interest: Interest received from Outer Continental Shelf escrow account | 1 | | 1,342 | | | | |
| Rents and royalties on the Outer Continental Shelf: | | | | | | | |
| Rents and bonuses | 791 | 365 | 809 | 401 | 277 | 249 | 236 |
| Royalties | 2,307 | 3,185 | 2,882 | 2,881 | 2,705 | 2,604 | 2,469 |
| Sale of major assets | | | | | 323 | | |
| Total proprietary receipts from the public undistributed by agency | 3,099 | 3,550 | 5,033 | 3,282 | 3,305 | 2,853 | 2,705 |
| Total proprietary receipts from the public³ | 66,084 | 69,139 | 65,866 | 71,738 | 82,159 | 88,568 | 95,728 |
| OFFSETTING GOVERNMENTAL RECEIPTS | | | | | | | |
| Distributed by agency: | | | | | | | |
| Regulatory fees | 3,020 | 3,264 | 3,640 | 3,603 | 3,692 | 2,318 | 2,342 |
| Proposed Legislation (non-PAYGO) | | | 20 | 8 | 8 | 8 | 8 |
| Proposed Legislation (PAYGO) | | | | | | 1,460 | 1,524 |
| Other | 74 | 77 | 79 | 81 | 6 | 6 | 6 |
| Undistributed by agency: | | | | | | | |
| Spectrum auction proceeds | 1,753 | 2,076 | 3,559 | 5,535 | 2,480 | 770 | 675 |
| Proposed Legislation (non-PAYGO) | | | 200 | 200 | 200 | 200 | 200 |
| Total offsetting governmental receipts | 4,847 | 5,417 | 7,498 | 9,427 | 6,386 | 4,762 | 4,755 |
| Total offsetting receipts | 354,411 | 377,241 | 413,236 | 435,145 | 458,961 | 493,898 | 529,166 |

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

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

5. TAX EXPENDITURES

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

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

Because of potential interactions among provisions, this chapter does not present a grand total for the

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

Tax expenditures relating to the individual and corporate income taxes are considered first in this chapter. They are estimated for fiscal years 1999-2005 using three methods of accounting: revenue loss, outlay equivalent, and present value. The present value approach provides estimates of the revenue losses for tax expenditures that involve deferrals of tax payments into the future or have similar long-term effects. Tax expenditures relating to the unified transfer tax are considered in a section at the end of the chapter.

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

TAX EXPENDITURES IN THE INCOME TAX

Tax Expenditure Estimates

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

The total revenue loss estimates for tax expenditures for fiscal years 1999-2005 are displayed according to the budget's functional categories in Table 5-1. Descriptions of the specific tax expenditure provisions follow the tables of estimates and discussion of general features of the tax expenditure concept.

As in prior years, two baseline concepts—the normal tax baseline and the reference tax law baseline—are used to identify tax expenditures. For the most part, the two concepts coincide. However, items treated as tax expenditures under the normal tax baseline, but not the reference tax law baseline, are indicated by the designation “normal tax method” in the tables. The revenue losses for these items are zero using the reference tax rules. The alternative baseline concepts are discussed in detail following the tables.

Table 5-2 reports the respective portions of the total revenue losses that arise under the individual and corporate income taxes. Listing revenue loss estimates under the individual and corporate headings does not imply that these categories of filers benefit from the special tax provisions in proportion to the respective tax expenditure amounts shown. Rather, these breakdowns show the specific tax accounts through which the various provisions are cleared. The ultimate beneficiaries of corporate tax expenditures could be stock-

holders, employees, customers, or others, depending on economic forces.

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

Interpreting Tax Expenditure Estimates

The revenue loss estimates shown for individual tax expenditures in Tables 5-1, 5-2, and 5-3 do not necessarily equal the increase in Federal revenues (or the change in the budget balance) that would result from repealing these special provisions, for the following reasons:

Eliminating a tax expenditure may have incentive effects that alter economic behavior. These incentives can affect the resulting magnitudes of the formerly subsidized activity or of other tax preferences or Government programs. For example, if deductibility of mortgage interest were limited, some taxpayers would hold smaller mortgages, with a concomitantly smaller effect on the budget than if no such limits were in force.

Tax expenditures are interdependent even without incentive effects. Repeal of a tax expenditure provision can increase or decrease the revenue losses associated with other provisions. For example, even if behavior does not change, repeal of an itemized deduction could increase the revenue losses from other deductions because some taxpayers would be moved into higher tax brackets. Alternatively, repeal of an itemized deduction could lower the revenue loss from other deductions if taxpayers are led to claim the standard deduction instead of itemizing. Similarly, if two provisions were repealed simultaneously, the increase in tax liability could be greater or less than the sum of the two separate tax expenditures, because each is estimated assuming that the other remains in force. In addition, the estimates reported in Table 5-1 are the totals of individual and corporate income tax revenue losses reported in Table 5-2 and do not reflect any possible interactions between the individual and corporate income tax receipts. For this reason, the estimates in Table 5-1 (as well as those in Table 5-5, which are also based on summing individual and corporate estimates) should be regarded as approximations.

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

potential, especially if certain deductions or exemptions were grandfathered.

The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except Table 5-4. Cash-based estimates reflect the difference between taxes deferred in the current year and incoming revenues that are received due to deferrals of taxes from prior years. Although such estimates are useful as a measure of cash flows into the Government, they do not accurately reflect the true economic cost of these provisions. For example, for a provision where activity levels have changed, so that incoming tax receipts from past deferrals are greater than deferred receipts from new activity, the cash-basis tax expenditure estimate can be negative, despite the fact that in present-value terms current deferrals do have a real cost to the Government. Alternatively, in the case of a newly enacted deferral provision, a cash-based estimate can overstate the real cost to the Government because the newly deferred taxes will ultimately be received. Present-value estimates, which are a useful supplement to the cash-basis estimates for provisions involving deferrals, are discussed below.

Repeal on major tax provisions may have some impact on overall levels of income and rates of economic growth and, thus, on the budget economic assumptions. In practice, however, most changes in particular provisions are unlikely to have significant macroeconomic effects.

Present-Value Estimates

Discounted present-value estimates of revenue losses are presented in Table 5-4 for provisions that involve tax deferrals or other long-term revenue effects. These estimates complement the cash-based tax expenditure estimates presented in the other tables.

The present-value estimates represent the revenue losses, net of future tax payments, that follow from activities undertaken during calendar year 1999 which cause the deferrals or other long-term revenue effects. For instance, a pension contribution in 1999 would cause a deferral of tax payments on wages in 1999 and on pension earnings on this contribution (e.g., interest) in later years. In some future year, however, the 1999 pension contribution and accrued earnings would be paid out and taxes would be due; these receipts are included in the present-value estimate. In general, this conceptual approach is similar to the one used for reporting the budgetary effects of credit programs, where direct loans and guarantees in a given year affect future cash flows.

Table 5-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX
(In millions of dollars)

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

Table 5-1. TOTAL REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX—Continued
(In millions of dollars)

| | | Total revenue loss from corporate and individual Income taxes | | | | | | | |
|--|---|---|--------|--------|--------|--------|--------|--------|-----------|
| | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2001-2005 |
| 112 | Premiums on group term life insurance | 1,700 | 1,740 | 1,780 | 1,820 | 1,860 | 1,915 | 1,970 | 9,345 |
| 113 | Premiums on accident and disability insurance | 185 | 195 | 205 | 215 | 225 | 235 | 245 | 1,125 |
| 114 | Income of trusts to finance supplementary unemployment benefits | 0 | 0 | 0 | 5 | 5 | 5 | 5 | 20 |
| 115 | Special ESOP rules | 1,130 | 1,175 | 1,205 | 1,250 | 1,300 | 1,360 | 1,425 | 6,540 |
| 116 | Additional deduction for the blind | 30 | 30 | 30 | 30 | 35 | 35 | 35 | 165 |
| 117 | Additional deduction for the elderly | 1,785 | 1,830 | 1,890 | 1,955 | 1,985 | 2,030 | 2,110 | 9,970 |
| 118 | Tax credit for the elderly and disabled | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 175 |
| 119 | Deductibility of casualty losses | 255 | 265 | 275 | 285 | 295 | 310 | 325 | 1,490 |
| 120 | Earned income tax credit ³ | 4,825 | 4,700 | 4,790 | 4,985 | 5,205 | 5,440 | 5,740 | 26,160 |
| Social Security: | | | | | | | | | |
| Exclusion of social security benefits: | | | | | | | | | |
| 121 | Social Security benefits for retired workers | 17,135 | 18,010 | 18,885 | 19,995 | 21,230 | 22,505 | 16,515 | 99,130 |
| 122 | Social Security benefits for disabled | 2,390 | 2,595 | 2,830 | 3,090 | 3,375 | 3,700 | 3,150 | 16,145 |
| 123 | Social Security benefits for dependents and survivors | 3,775 | 3,900 | 4,050 | 4,210 | 4,385 | 4,555 | 3,625 | 20,825 |
| Veterans benefits and services: | | | | | | | | | |
| 124 | Exclusion of veterans death benefits and disability compensation | 2,940 | 3,070 | 3,200 | 3,335 | 3,490 | 3,655 | 3,830 | 17,510 |
| 125 | Exclusion of veterans pensions | 65 | 70 | 75 | 80 | 85 | 85 | 90 | 415 |
| 126 | Exclusion of GI bill benefits | 75 | 85 | 90 | 90 | 95 | 100 | 105 | 480 |
| 127 | Exclusion of interest on veterans housing bonds | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |
| General purpose fiscal assistance: | | | | | | | | | |
| 128 | Exclusion of interest on public purpose bonds | 22,750 | 22,975 | 23,205 | 23,440 | 23,670 | 23,905 | 24,145 | 118,365 |
| 129 | Deductibility of nonbusiness State and local taxes other than on owner-occupied homes | 37,740 | 40,240 | 42,390 | 44,735 | 47,610 | 50,530 | 53,480 | 238,745 |
| 130 | Tax credit for corporations receiving income from doing business in U.S. possessions | 2,515 | 2,590 | 2,670 | 2,600 | 2,550 | 2,600 | 2,650 | 13,070 |
| Interest: | | | | | | | | | |
| 131 | Deferral of interest on U.S. savings bonds | 1,015 | 1,065 | 1,115 | 1,175 | 1,235 | 1,295 | 1,355 | 6,175 |
| Addendum: Aid to State and local governments: | | | | | | | | | |
| Deductibility of: | | | | | | | | | |
| | Property taxes on owner-occupied homes | 21,215 | 22,185 | 23,075 | 24,000 | 24,980 | 25,915 | 26,840 | 124,810 |
| | Nonbusiness State and local taxes other than on owner-occupied homes | 37,740 | 40,240 | 42,390 | 44,735 | 47,610 | 50,530 | 53,480 | 238,745 |
| Exclusion of interest on State and local bonds for: | | | | | | | | | |
| | Public purposes | 22,750 | 22,975 | 23,205 | 23,440 | 23,670 | 23,905 | 24,145 | 118,365 |
| | Energy facilities | 115 | 115 | 115 | 120 | 120 | 120 | 120 | 595 |
| | Water, sewage, and hazardous waste disposal facilities | 460 | 460 | 470 | 475 | 480 | 480 | 490 | 2,395 |
| | Small-issues | 310 | 315 | 315 | 320 | 320 | 325 | 330 | 1,610 |
| | Owner-occupied mortgage subsidies | 905 | 915 | 920 | 930 | 940 | 950 | 955 | 4,695 |
| | Rental housing | 155 | 155 | 160 | 160 | 160 | 160 | 160 | 800 |
| | Airports, docks, and similar facilities | 730 | 735 | 740 | 750 | 755 | 765 | 770 | 3,780 |
| | Student loans | 245 | 250 | 255 | 255 | 255 | 260 | 260 | 1,285 |
| | Private nonprofit educational facilities | 590 | 595 | 600 | 600 | 610 | 615 | 620 | 3,045 |
| | Hospital construction | 1,210 | 1,225 | 1,235 | 1,250 | 1,265 | 1,275 | 1,290 | 6,315 |
| | Veterans' housing | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 200 |
| | Credit for holders of zone academy bonds | 5 | 10 | 20 | 35 | 50 | 65 | 70 | 240 |

¹In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1999 \$760; 2000 \$800; 2001 \$805; 2002 \$810; 2003 \$815; 2004 \$825; and 2005 \$830.

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

³The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 \$25,632; 2000 \$25,676; 2001 \$25,799; 2002 \$26,876; 2003 \$27,638; 2004 \$28,701; and 2005 \$29,722.

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$5 million. Provisions with estimates that rounded to zero in each year are not included in the table.

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

(In millions of dollars)

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

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

(In millions of dollars)

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

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

(In millions of dollars)

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

¹In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1999 \$760; 2000 \$800; 2001 \$805; 2002 \$810; 2003 \$815; 2004 \$825; and 2005 \$830.

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

³The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 \$25,632; 2000 \$25,676; 2001 \$25,799; 2002 \$26,876; 2003 \$27,638; 2004 \$28,701; and 2005 \$29,722.

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$5 million. Provisions with estimates that rounded to zero in each year are not included in the table.

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

(In millions of dollars)

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

**Table 5-3. MAJOR TAX EXPENDITURES IN THE INCOME TAX, RANKED BY TOTAL 2001 REVENUE LOSS—
Continued**
(In millions of dollars)

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

¹ In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1999 \$760; 2000 \$800; 2001 \$805; 2002 \$810; 2003 \$815; 2004 \$825; and 2005 \$830.

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

³ The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 \$25,630; 2000 \$25,675; 2001 \$25,800; 2002 \$26,875; 2003 \$27,640; 2004 \$28,700; and 2005 \$29,720.

Note: Provisions with estimates denoted "normal tax method" have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$5 million. Provisions with estimates that rounded to zero in each year are not included in the table.

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

Table 5-4. PRESENT VALUE OF SELECTED TAX EXPENDITURES FOR ACTIVITY IN CALENDAR YEAR 1999
(In millions of dollars)

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

Outlay Equivalents

The concept of “outlay equivalents” complements “revenue losses” as a measure of the budget effect of tax expenditures. It is the amount of outlay that would be required to provide the taxpayer the same after-tax income as would be received through the tax preference. The outlay-equivalent measure allows a comparison of the cost of the tax expenditure with that of a direct Federal outlay. Outlay equivalents are reported in Table 5-5.

The outlay-equivalent measure is larger than the revenue-loss estimate when the tax expenditure is judged to function as a Government payment for service. This

occurs because an outlay program would increase the taxpayer’s pre-tax income. For some tax expenditures, however, the revenue loss equals the outlay equivalent measure. This occurs when the tax expenditure is judged to function like a price reduction or tax deferral that does not directly enter the taxpayer’s pre-tax income.¹

¹Budget outlay figures generally reflect the pre-tax price of the resources. In some instances, however, Government purchases or subsidies are exempted from tax by a special tax provision. When this occurs, the outlay figure understates the resource cost of the program and is, therefore, not comparable with other outlay amounts. For example, the outlays for certain military personnel allowances are not taxed. If this form of compensation were treated as part of the employee’s taxable income, the Defense Department would have to make larger cash payments to its military personnel to leave them as well off after tax as they are now. The tax subsidy must be added to the tax-exempt budget outlay to make this element of national defense expenditures comparable with other outlays.

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

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

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

| | Outlay Equivalents | | | | | | | |
|--|--------------------|---------|---------|---------|---------|---------|---------|-----------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2001-2005 |
| 56 | 26,440 | 27,735 | 32,825 | 33,340 | 34,260 | 36,380 | 37,325 | 174,130 |
| 57 | 1,465 | 1,590 | 1,920 | 1,965 | 1,915 | 1,890 | 1,900 | 9,590 |
| 58 | 200 | 205 | 205 | 215 | 215 | 220 | 225 | 1,080 |
| 59 | 9,790 | 9,690 | 9,655 | 9,940 | 9,985 | 10,325 | 10,485 | 50,390 |
| 60 | 445 | 450 | 450 | 460 | 460 | 465 | 475 | 2,310 |
| Transportation: | | | | | | | | |
| 61 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 100 |
| 62 | 2,225 | 2,330 | 2,450 | 2,575 | 2,710 | 2,855 | 3,005 | 13,595 |
| 63 | 180 | 205 | 235 | 265 | 295 | 330 | 360 | 1,485 |
| Community and regional development: | | | | | | | | |
| 64 | 25 | 25 | 25 | 25 | 25 | 25 | 30 | 130 |
| 65 | 1,045 | 1,050 | 1,060 | 1,075 | 1,085 | 1,095 | 1,105 | 5,420 |
| 66 | 60 | 60 | 60 | 65 | 65 | 65 | 70 | 325 |
| 67 | 325 | 445 | 500 | 470 | 325 | 300 | 265 | 1,860 |
| 68 | 150 | 200 | 235 | 80 | -40 | -50 | -40 | 185 |
| Education, training, employment, and social services: | | | | | | | | |
| Education: | | | | | | | | |
| 69 | 1,190 | 1,220 | 1,235 | 1,240 | 1,255 | 1,265 | 1,280 | 6,275 |
| 70 | 5,890 | 6,310 | 6,570 | 6,595 | 6,080 | 5,915 | 6,845 | 32,005 |
| 71 | 2,780 | 3,045 | 3,100 | 3,160 | 5,645 | 5,675 | 5,935 | 23,515 |
| 72 | 0 | 10 | 25 | 40 | 60 | 80 | 105 | 310 |
| 73 | 300 | 335 | 390 | 440 | 470 | 495 | 535 | 2,330 |
| 74 | 120 | 175 | 225 | 275 | 320 | 355 | 385 | 1,560 |
| 75 | 355 | 360 | 365 | 365 | 365 | 370 | 370 | 1,835 |
| 76 | 845 | 855 | 860 | 860 | 875 | 880 | 890 | 4,365 |
| 77 | 5 | 15 | 30 | 50 | 75 | 90 | 100 | 345 |
| 78 | 15 | 20 | 20 | 20 | 20 | 30 | 30 | 120 |
| 79 | 1,010 | 1,070 | 1,125 | 1,165 | 1,225 | 1,280 | 1,310 | 6,105 |
| 80 | 25,915 | 26,100 | 25,975 | 25,290 | 24,205 | 23,385 | 22,475 | 121,330 |
| 81 | 3,435 | 3,685 | 3,850 | 4,040 | 4,250 | 4,395 | 4,610 | 21,145 |
| 82 | 275 | 290 | 310 | 215 | 0 | 0 | 0 | 525 |
| Training, employment, and social services: | | | | | | | | |
| 83 | 270 | 455 | 465 | 350 | 215 | 95 | 35 | 1,160 |
| 84 | 35 | 60 | 80 | 80 | 60 | 25 | 10 | 255 |
| 85 | 860 | 890 | 930 | 970 | 1,020 | 1,075 | 1,135 | 5,130 |
| 86 | 160 | 175 | 180 | 160 | 55 | 20 | 10 | 425 |
| 87 | 795 | 830 | 865 | 905 | 945 | 990 | 1,030 | 4,735 |
| 88 | 3,225 | 3,185 | 3,145 | 3,110 | 3,075 | 3,035 | 3,000 | 15,365 |
| 89 | 65 | 65 | 75 | 75 | 75 | 80 | 80 | 385 |
| 90 | 0 | 0 | 5 | 5 | 5 | 5 | 5 | 25 |
| 91 | 25,750 | 26,955 | 28,115 | 29,380 | 30,790 | 32,200 | 33,755 | 154,240 |
| 92 | 45 | 50 | 50 | 55 | 55 | 60 | 60 | 280 |
| 93 | 395 | 420 | 450 | 480 | 515 | 550 | 585 | 2,580 |
| Health: | | | | | | | | |
| 94 | 88,730 | 95,950 | 103,085 | 110,390 | 115,840 | 122,545 | 131,495 | 583,355 |
| 95 | 1,145 | 1,535 | 1,700 | 1,900 | 2,550 | 3,580 | 3,955 | 13,685 |
| 96 | 5,520 | 5,730 | 5,945 | 6,170 | 6,400 | 6,645 | 3,895 | 29,055 |
| 97 | 30 | 40 | 45 | 45 | 45 | 40 | 35 | 210 |
| 98 | 3,695 | 3,910 | 4,160 | 4,440 | 4,720 | 5,005 | 5,305 | 23,630 |
| 99 | 1,735 | 1,755 | 1,770 | 1,790 | 1,815 | 1,830 | 1,850 | 9,055 |
| 100 | 3,640 | 3,910 | 4,095 | 4,300 | 4,525 | 4,665 | 4,900 | 22,485 |
| 101 | 70 | 80 | 90 | 100 | 115 | 130 | 140 | 575 |
| 102 | 325 | 420 | 270 | 180 | 240 | 325 | 420 | 1,435 |
| Income security: | | | | | | | | |
| 103 | 395 | 405 | 410 | 415 | 420 | 430 | 430 | 2,105 |
| 104 | 5,185 | 5,330 | 5,785 | 6,040 | 6,310 | 6,575 | 6,865 | 31,575 |
| 105 | 345 | 360 | 375 | 390 | 405 | 420 | 435 | 2,025 |
| 106 | 75 | 75 | 70 | 70 | 65 | 60 | 55 | 320 |
| 107 | 130 | 130 | 135 | 140 | 140 | 145 | 150 | 710 |
| Net exclusion of pension contributions and earnings: | | | | | | | | |
| 108 | 97,960 | 104,060 | 108,190 | 113,770 | 120,275 | 126,700 | 133,400 | 602,335 |
| 109 | 18,290 | 20,025 | 21,360 | 22,770 | 23,695 | 24,645 | 25,445 | 117,915 |
| 110 | 6,630 | 7,040 | 7,475 | 7,930 | 8,415 | 8,925 | 9,465 | 42,210 |
| Exclusion of other employee benefits: | | | | | | | | |
| 111 | 2,240 | 2,290 | 2,340 | 2,395 | 2,445 | 2,520 | 2,590 | 12,290 |

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

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

¹In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 1999 \$760; 2000 \$800; 2001 \$805; 2002 \$810; 2003 \$815; 2004 \$825; and 2005 \$830.

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

³The figures in the table indicate the effect of the earned income tax credit on receipts. The effect on outlays (in millions of dollars) is as follows: 1999 \$25,632; 2000 \$25,676; 2001 \$25,799; 2002 \$26,876; 2003 \$27,638; 2004 \$28,701; and 2005 \$29,722.

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$5 million. Provisions with estimates that rounded to zero in each year are not included in the table.

Tax Expenditure Baselines

A tax expenditure is a preferential exception to the baseline provisions of the tax structure. The 1974 Congressional Budget Act did not, however, specify the baseline provisions of the tax law. Deciding whether provisions are preferential exceptions, therefore, is a matter of judgment. As in prior years, this year's tax expenditure estimates are presented using two baselines: the normal tax baseline, which is used by the Joint Committee on Taxation, and the reference tax law baseline, which has been reported by the Administration since 1983.

The normal tax baseline is patterned on a comprehensive income tax, which defines income as the sum of consumption and the change in net wealth in a given period of time. The normal tax baseline allows personal exemptions, a standard deduction, and deductions of the expenses incurred in earning income. It is not limited to a particular structure of tax rates, or by a specific definition of the taxpaying unit.

The reference tax law baseline is also patterned on a comprehensive income tax, but is closer to existing law. Reference law tax expenditures are limited to special exceptions in the tax code that serve programmatic functions. These functions correspond to specific budget categories such as national defense, agriculture, or health care. Tax expenditures under the reference law baseline are generally tax expenditures under the normal tax baseline, but the reverse is not always true.

Both the normal and reference tax baselines allow several major departures from a pure comprehensive income tax. For example:

- Income is taxable only when it is realized in exchange. Thus, neither the deferral of tax on unrealized capital gains nor the tax exclusion of imputed income (such as the rental value of owner-occupied housing or farmers' consumption of their own produce) is regarded as a tax expenditure. Both accrued and imputed income would be taxed under a comprehensive income tax.
- There is a separate corporation income tax. Under a comprehensive income tax, corporate income would be taxed only once—at the shareholder level, whether or not distributed in the form of dividends.
- Values of assets and debt are not adjusted for inflation. A comprehensive income tax would adjust the cost basis of capital assets and debt for changes in the price level during the time the assets or debt are held. Thus, under a comprehensive income tax baseline, the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure (i.e., a tax penalty), and failure to take account of inflation in measuring interest costs would be regarded as a positive tax expenditure (i.e., a tax subsidy).

Although the reference law and normal tax baselines are generally similar, areas of difference include:

- *Tax rates.* The separate schedules applying to the various taxpaying units are included in the reference law baseline. Thus, corporate tax rates below the maximum statutory rate do not give rise to a tax expenditure. The normal tax baseline is similar, except that it specifies the current maximum rate as the baseline for the corporate income tax. The lower tax rates applied to the first \$10 million of corporate income are thus regarded as a tax expenditure. Similarly, under the reference law baseline, preferential tax rates for capital gains generally do not yield a tax expenditure; only capital gains treatment of otherwise "ordinary income," such as that from coal and iron ore royalties and the sale of timber and certain agricultural products, is considered a tax expenditure. The alternative minimum tax is treated as part of the baseline rate structure under both the reference and normal tax methods.
- *Income subject to the tax.* Income subject to tax is defined as gross income less the costs of earning that income. The Federal income tax defines gross income to include: (1) consideration received in the exchange of goods and services, including labor services or property; and (2) the taxpayer's share of gross or net income earned and/or reported by another entity (such as a partnership). Under the reference tax rules, therefore, gross income does not include gifts—defined as receipts of money or property that are not consideration in an exchange—or most transfer payments, which can be thought of as gifts from the Government.² The normal tax baseline also excludes gifts between individuals from gross income. Under the normal tax baseline, however, all cash transfer payments from the Government to private individuals are counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures. The costs of earning income are generally deductible in determining taxable income under both the reference and normal tax baselines.³
- *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for machinery and equipment is determined using straight-line depreciation over tax lives equal to mid-values of the asset depreciation range (a depreciation system in effect from 1971 through 1980). The normal tax baseline for real property is computed using 40-year straight-line depreciation.
- *Treatment of foreign income.* Both the normal and reference tax baselines allow a tax credit for foreign income taxes paid (up to the amount of U.S.

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

³In the case of individuals who hold "passive" equity interests in businesses, however, the pro-rata shares of sales and expense deductions reportable in a year are limited. A passive business activity is defined to be one in which the holder of the interest, usually a partnership interest, does not actively perform managerial or other participatory functions. The taxpayer may generally report no larger deductions for a year than will reduce taxable income from such activities to zero. Deductions in excess of the limitation may be taken in subsequent years, or when the interest is liquidated.

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

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

Performance Measures and the Economic Effects of Tax Expenditures

The Government Performance and Results Act of 1993 (GPRA) directs Federal agencies to develop annual and strategic plans for their programs and activities. These plans set out performance objectives to be achieved over a specific time period. Most of these objectives will be achieved through direct expenditure programs. However, tax expenditures may also contribute to achieving these goals. The report of the Senate Governmental Affairs Committee on GPRA⁴ calls on the Executive branch to undertake a series of analyses to assess the effect of specific tax expenditures on the achievement of agencies' performance objectives.

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

Over the next few years, the Executive Branch's focus will be on the availability of the data needed to assess the effects of the tax expenditures designed to increase savings. As one part of this effort, Treasury's Office of Tax Analysis and its Statistics of Income Division (IRS) are developing the specifications for a new data sample which will follow the same individual income tax filers over an extended period of time. Such a sam-

ple is called a "panel" sample. Current economic analyses of the effect of Federal tax laws are generally based on data from "cross-section" samples, which capture the demographic and economic circumstances of individuals and the provisions of Federal tax law only at a single point in time. However, over time, the demographic and economic status of individuals changes in ways that can significantly change how they are affected by current (or proposed) Federal tax laws. In addition, some provisions of the tax law have effects over multiple years, and the effects of some tax provisions change over time due to phase-ins, phase-outs, and other factors. The new panel sample will capture the changing demographic and economic circumstances of individuals and the effects of changes in tax law over an extended period of time. Data from the panel sample will therefore permit more extensive, and better, analyses of many tax provisions than can be performed using only cross-section data. In particular, data from the panel sample will enhance our ability to analyze the effect of tax expenditures designed to increase savings. Other efforts to improve data available for the analysis of savings tax expenditures will be undertaken over the next several years by OMB, Treasury and other agencies.

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

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

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

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

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

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

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

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

for outlays and tax-expenditures. To some extent, the GPRA requirement for performance evaluation will address this lack of formal analysis.

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

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

Performance measurement is generally concerned with inputs, outputs, and outcomes. In the case of tax expenditures, the principal input is usually the tax revenue loss. Outputs are quantitative or qualitative measures of goods and services, or changes in income and investment, directly produced by these inputs. Outcomes, in turn, represent the changes in the economy, society, or environment that are the ultimate goals of programs.

Thus, for a provision that reduces taxes on certain investment activity, an increase in the amount of investment would likely be a key output. The resulting production from that investment, and, in turn, the associated improvements in national income, welfare, or security, could be the outcomes of interest. For other provisions, such as those designed to address a potential inequity or unintended consequence in the tax code, an important performance measure might be how they change effective tax rates (the discounted present value of taxes owed on new investments or incremental earnings) or excess burden (an economic measure of the distortions caused by taxes). Effects on the incomes of members of particular groups may be an important measure for certain provisions.

An overview of evaluation issues by budget function. The discussion below considers the types of measures that might be useful for some major programmatic groups of tax expenditures. The discussion is intended to be illustrative and not all encompassing. However, it is premised on the assumption that the data needed to perform the analysis are available or can be devel-

oped. In practice, data availability is likely to be a major challenge, and data constraints may limit the assessment of the effectiveness of many provisions. In addition, such assessments can raise significant challenges in economic modeling.

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

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

General science, space and technology; energy; natural resources and the environment; agriculture; and commerce and housing.—A series of tax expenditures reduces the cost of investment, both in specific activities—such as research and experimentation, extractive industries, and certain financial activities—and more generally, through accelerated depreciation for plant and equipment. These provisions can be evaluated along a number of dimensions. For example, it could be useful to consider the strength of the incentives by measuring their effects on the cost of capital (the interest rate which investments must yield to cover their costs) and effective tax rates. The impact of these provisions on the amounts of corresponding forms of investment—such as research spending, exploration activity, or equipment—might also be estimated. In some cases, such as research, there is evidence that the investment can provide significant positive externalities—that is, economic benefits that are not reflected in the market transactions between private parties. It could be useful to quantify these externalities and compare them with the degree of tax subsidy provided. Measures could also indicate the provisions' effects on production from these investments—such as

numbers or values of patents, energy production and reserves, and industrial production. Issues to be considered include the extent to which the preferences increase production (as opposed to benefitting existing producers) and their cost-effectiveness relative to other policies. Analysis could also consider objectives that are more difficult to measure but still are ultimate goals, such as promoting the Nation's technological base, energy security, environmental quality, or economic growth. Such an assessment is likely to involve tax analysis as well as consideration of non-tax matters such as market structure, scientific, and other information (such as the effects of increased domestic fuel production on imports from various regions, or the effects of various energy sources on the environment).

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

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

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

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

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

Income security, social security, and veterans benefits and services.—Major tax expenditures in the income security function benefit retirement savings, through employer-provided pensions, individual retirement accounts, and Keogh plans. These provisions might be evaluated in terms of their effects on boosting retirement incomes, private savings, and national savings (which would include the effect on private savings as well as public savings or deficits). Interactions with other programs, including social security, also may merit analysis. As in the case of employer-provided health insurance, analysis of employer-provided pension programs requires imputing the benefits provided at the firm level to individuals.

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

General purpose fiscal assistance and interest.—The tax-exemption for public purpose State and local bonds reduces the costs of borrowing for a variety of purposes (borrowing for non-public purposes is reflected under other budget functions). The deductibility of certain State and local taxes reflected under this function primarily relates to personal income taxes (property tax deductibility is reflected under the commerce and housing function). Tax preferences for Puerto Rico and other U.S. possessions are also included here. These provi-

sions can be compared with other tax and spending policies as means of benefitting fiscal and economic conditions in the States, localities, and possessions. Finally, the tax deferral for interest on U.S. savings bonds benefits savers who invest in these instruments. The extent of these benefits and any effects on Federal borrowing costs could be evaluated.

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

Descriptions of Income Tax Provisions

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

National Defense

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

International Affairs

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

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

4. **Income of Foreign Sales Corporations.**—The Foreign Sales Corporation (FSC) provisions exempt from tax a portion of U.S. exporters' foreign trading income to reflect the FSC's sales functions as foreign corporations. These provisions conform to the General Agreement on Tariffs and Trade.

5. **Sales source rule exceptions.**—The worldwide income of U.S. persons is taxable by the United States and a credit for foreign taxes paid is allowed. The amount of foreign taxes that can be credited is limited to the pre-credit U.S. tax on the foreign source income. The sales source rules for inventory property allow U.S. exporters to use more foreign tax credits by allowing the exporters to attribute a larger portion of their earnings abroad than would be the case if the allocation of earnings was based on actual economic activity.

6. **Income of U.S.-controlled foreign corporations.**—The income of foreign corporations controlled by U.S. shareholders is not subject to U.S. taxation. The income becomes taxable only when the controlling U.S. shareholders receive dividends or other distributions from their foreign stockholding. Under the normal tax method, the currently attributable foreign source pre-tax income from such a controlling interest is considered to be subject to U.S. taxation, whether or not distributed. Thus, the normal tax method considers the amount of controlled foreign corporation income not distributed to a U.S. shareholder as tax-deferred income.

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

General Science, Space, and Technology

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

9. **R&E credit.**—The research and experimentation (R&E) credit, which expired on June 30, 1999, was reinstated (retroactively) in the Tax Relief Extension Act of 1999 for five years (through June 30, 2004). The Act also increased the credit rates for the alternative credit by one percentage point and extended the research credit to include research conducted in Puerto Rico and the U.S. possessions. The tax credit is 20 percent of qualified research expenditures in excess of a base amount. The base amount is generally determined by multiplying a "fixed-base percentage" by the average amount of the company's gross receipts for the prior four years. The taxpayer's fixed base percentage

generally is the ratio of its research expenses to gross receipts for 1984 through 1988. Taxpayers may also elect an alternative credit regime. Under the alternative credit regime the taxpayer is assigned a three-tiered fixed-base percentage that is lower than the fixed-base percentage that would otherwise apply, and the credit rate is reduced (the rates range from 2.65 percent to 3.75 percent). A 20-percent credit with a separate threshold is provided for a taxpayer's payments to universities for basic research.

Energy

10. **Exploration and development costs.**—For successful investments in domestic oil and gas wells, intangible drilling costs (e.g., wages, the costs of using machinery for grading and drilling, the cost of unsalvageable materials used in constructing wells) may be expensed rather than amortized over the productive life of the property. Integrated oil companies may deduct only 70 percent of such costs and must amortize the remaining 30 percent over five years. The same rule applies to the exploration and development costs of surface stripping and the construction of shafts and tunnels for other fuel minerals.

11. **Percentage depletion.**—Independent fuel mineral producers and royalty owners are generally allowed to take percentage depletion deductions rather than cost depletion on limited quantities of output. Under cost depletion, outlays are deducted over the productive life of the property based on the fraction of the resource extracted. Under percentage depletion, taxpayers deduct a percentage of gross income from mineral production at rates of 22 percent for uranium; 15 percent for oil, gas and oil shale; and 10 percent for coal. The deduction is limited to 50 percent of net income from the property, except for oil and gas where the deduction can be 100 percent of net property income. Production from geothermal deposits is eligible for percentage depletion at 65 percent of net income, but with no limit on output and no limitation with respect to qualified producers. Unlike depreciation or cost depletion, percentage depletion deductions can exceed the cost of the investment.

12. **Alternative fuel production credit.**—A non-taxable credit of \$3 per barrel (in 1979 dollars) of oil-equivalent production is provided for several forms of alternative fuels. The credit is generally available if the price of oil stays below \$29.50 (in 1979 dollars). The credit generally expires on December 31, 2002.

13. **Oil and gas exception to passive loss limitation.**—Owners of working interests in oil and gas properties are exempt from the "passive income" limitations. As a result, the working interest-holder, who manages on behalf of himself and all other owners the development of wells and incurs all the costs of their operation, may aggregate negative taxable income from such interests with his income from all other sources.

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

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

16. **Enhanced oil recovery credit.**—A credit is provided equal to 15 percent of the taxpayer's costs for tertiary oil recovery on U.S. projects. Qualifying costs include tertiary injectant expenses, intangible drilling and development costs on a qualified enhanced oil recovery project, and amounts incurred for tangible depreciable property.

17. **New technology credits.**—A credit of 10 percent is available for investment in solar and geothermal energy facilities. In addition, a credit of 1.5 cents is provided per kilowatt hour of electricity produced from renewable resources such as wind and biomass. The renewable resources credit applies only to electricity produced by a facility placed in service on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2001 and expanded the credit to apply to electricity produced from poultry waste facilities (placed in service after December 31, 1999).

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

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

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

Natural Resources and Environment

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

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

23. **Sewage, water, and hazardous waste bonds.**—Interest earned on State and local bonds used to finance the construction of sewage, water, or haz-

ardous waste facilities is tax-exempt. These bonds are generally subject to the State private-activity bond annual volume cap.

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

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

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

27. **Historic preservation.**—Expenditures to preserve and restore historic structures qualify for a 20-percent investment credit, but the depreciable basis must be reduced by the full amount of the credit taken.

Agriculture

28. **Expensing certain capital outlays.**—Farmers, except for certain agricultural corporations and partnerships, are allowed to expense certain expenditures for feed and fertilizer, as well as for soil and water conservation measures. Expensing is allowed, even though these expenditures are for inventories held beyond the end of the year, or for capital improvements that would otherwise be capitalized.

29. **Expensing multiperiod livestock and crop production costs.**—The production of livestock and crops with a production period of less than two years is exempt from the uniform cost capitalization rules. Farmers establishing orchards, constructing farm facilities for their own use, or producing any goods for sale with a production period of two years or more may elect not to capitalize costs. If they do, they must apply straight-line depreciation to all depreciable property they use in farming.

30. **Loans forgiven solvent farmers.**—Farmers are forgiven the tax liability on certain forgiven debt. Normally, a debtor must include the amount of loan forgiveness as income or reduce his recoverable basis in the property to which the loan relates. If the debtor elects to reduce basis and the amount of forgiveness exceeds his basis in the property, the excess forgiveness is taxable. For insolvent (bankrupt) debtors, however, the amount of loan forgiveness reduces carryover losses, then unused credits, and then basis; any remainder of the forgiven debt is excluded from tax. Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

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

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

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

Commerce and Housing

This category includes a number of tax expenditure provisions that also affect economic activity in other functional categories. For example, provisions related to investment, such as accelerated depreciation, could be classified under the energy, natural resources and environment, agriculture, or transportation categories.

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

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

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

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

38. **Insurance companies owned by exempt organizations.**—Generally, the income generated by life and property and casualty insurance companies is subject to tax, albeit by special rules. Insurance operations conducted by such exempt organizations as fraternal societies and voluntary employee benefit associations, however, are exempt from tax.

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

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

41. **Rental housing bonds.**—Interest earned on State and local government bonds used to finance multifamily rental housing projects is tax-exempt. At least 20 percent (15 percent in targeted areas) of the units must be reserved for families whose income does not exceed 50 percent of the area's median income; or 40 percent for families with incomes of no more than 60 percent of the area median income. Other tax-exempt bonds for multifamily rental projects are generally issued with the requirement that all tenants must be low or moderate income families. Rental housing bonds are subject to the volume cap discussed in the mortgage housing bond section above.

42. **Interest on owner-occupied homes.**—Owner-occupants of homes may deduct mortgage interest on their primary and secondary residences as itemized nonbusiness deductions. The mortgage interest deduction is limited to interest on debt no greater than the owner's basis in the residence and, for debt incurred after October 13, 1987, it is limited to no more than \$1 million. Interest on up to \$100,000 of other debt secured by a lien on a principal or second residence is also deductible, irrespective of the purpose of borrowing, provided the debt does not exceed the fair market value of the residence. Mortgage interest deductions on personal residences are tax expenditures because the taxpayers are not required to report the value of owner-occupied housing services as gross income.

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

44. **Installment sales.**—Dealers in real and personal property (i.e., sellers who regularly hold property for sale or resale) cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers (i.e., sellers of real property used in their business) are required to pay interest on deferred taxes attributable to their total installment obligations in excess of \$5 million. Only properties with sales prices exceeding \$150,000 are includable in the total. The pay-

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

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

46. **Passive loss real estate exemption.**—In general, passive losses may not offset income from other sources. Losses up to \$25,000 attributable to certain rental real estate activity, however, are exempt from this rule.

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

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

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

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

51. **Capital gains (other than agriculture, timber, iron ore, and coal).**—Capital gains on assets held for more than 1 year are taxed at a lower rate than

ordinary income. The lower rate on capital gains is considered a tax expenditure under the normal tax method but not under the reference law method.

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

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

52. **Capital gains exclusion for small business stock.**—An exclusion of 50 percent is provided for capital gains from qualified small business stock held by individuals for more than 5 years. A qualified small business is a corporation whose gross assets do not exceed \$50 million as of the date of issuance of the stock.

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

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

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

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

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

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

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

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

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

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

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

Transportation

62. **Deferral of tax on U.S. shipping companies.**—Certain companies that operate U.S. flag vessels can defer income taxes on that portion of their income used for shipping purposes, primarily construction, modernization and major repairs to ships, and repayment of loans to finance these investments. Once indefinite,

the deferral has been limited to 25 years since January 1, 1987.

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

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

Community and Regional Development

65. **Rehabilitation of structures.**—A 10-percent investment tax credit is available for the rehabilitation of buildings that are used for business or productive activities and that were erected before 1936 for other than residential purposes. The taxpayer's recoverable basis must be reduced by the amount of the credit.

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

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

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

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

Education, Training, Employment, and Social Services

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

71. **HOPE tax credit.**—The non-refundable HOPE tax credit allows a credit for 100 percent of an eligible student's first \$1,000 of tuition and fees and 50 percent of the next \$1,000 of tuition and fees. The credit only covers tuition and fees paid during the first two years of a student's post-secondary education. The credit is phased out ratably for taxpayers with modified AGI between \$80,000 and \$100,000 (\$40,000 and \$50,000 for singles).

72. **Lifetime Learning tax credit.**—The non-refundable Lifetime Learning tax credit allows a credit for 20 percent of an eligible student's tuition and fees. For tuition and fees paid before January 1, 2003, the maximum credit per return is \$1,000. For tuition and fees paid after December 31, 2002, the maximum credit per return is \$2,000. The credit is phased out ratably for taxpayers with modified AGI between \$80,000 and \$100,000 (\$40,000 and \$50,000 for singles). The credit applies to both undergraduate and graduate students.

73. **Education Individual Retirement Accounts.**—Contributions to an education IRA are not tax-deductible. Investment income earned by education IRAs is not taxed when earned, and investment income from an education IRA is tax-exempt when withdrawn to pay for a student's tuition and fees. The maximum contribution to an education IRA is \$500 per year per beneficiary. The maximum contribution is phased down ratably for taxpayers with modified AGI between \$150,000 and \$160,000 (\$95,000 and \$110,000 for singles). Contributions may not be made to an education IRA in any year in which a contribution has been made to a State tuition plan for the same beneficiary.

74. **Student-loan interest.**—Taxpayers may claim an above-the-line deduction of up to \$2,500 (\$1,000 in 1998, \$1,500 in 1999, and \$2,000 in 2000) on interest paid on an education loan. Interest may only be deducted for the first five years in which interest payments are required. The maximum deduction is phased down ratably for taxpayers with modified AGI between \$60,000 and \$75,000 (\$40,000 and \$55,000 for singles).

75. **State prepaid tuition plans.**—Some States have adopted prepaid tuition plans and prepaid room and board plans, which allow persons to pay in advance for college expenses for designated beneficiaries. Taxes on the earnings from these plans are paid by the beneficiaries and are deferred until the tuition is actually paid.

76. **Student-loan bonds.**—Interest earned on State and local bonds issued to finance student loans is tax-exempt. The volume of all such private activity bonds that each State may issue annually is limited.

77. **Bonds for private nonprofit educational institutions.**—Interest earned on State and local government bonds issued to finance the construction of facilities used by private nonprofit educational institutions is not taxed. The aggregate volume of all such private activity bonds that each State may issue during any calendar year is limited.

78. **Credit for holders of zone academy bonds.**—Financial institutions that own zone academy bonds receive a non-refundable tax credit (set by the Treasury Department) rather than interest. The credit is included in gross income. Proceeds from zone academy bonds may only be used to improve impoverished schools. The total amount of zone academy bonds that may be issued is limited to \$1.6 billion—\$400 million in each year between 1998 and 2001. The Tax Relief Extension Act of 1999 allowed bonds to be issued in 2000 and 2001.

79. **U.S. savings bonds for education.**—Interest earned on U.S. savings bonds issued after December 31, 1989 is tax-exempt if the bonds are transferred to an educational institution to pay for educational expenses. The tax exemption is phased out for taxpayers with AGI between \$79,650 and \$109,650 (\$53,100 and \$68,100 for singles) in 1999.

80. **Dependent students age 19 or older.**—Taxpayers may claim personal exemptions for dependent children age 19 or over who (1) receive parental support payments of \$1,000 or more per year, (2) are full-time students, and (3) do not claim a personal exemption on their own tax returns.

81. **Child credit.**—Taxpayers with children under age 17 can qualify for a \$500 child credit. The credit is phased out for taxpayers at the rate of \$50 per \$1,000 of modified AGI above \$110,000 (\$75,000 for singles). The child credit is refundable for taxpayers with three or more children.

82. **Charitable contributions to educational institutions.**—Taxpayers may deduct contributions to nonprofit educational institutions. Taxpayers who donate capital assets to educational institutions can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

83. **Employer-provided educational assistance.**—Employer-provided educational assistance is excluded

from an employee's gross income even though the employer's costs for this assistance are a deductible business expense. This exclusion applies only to non-graduate courses beginning on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from May 31, 2000 to December 31, 2001.

84. **Work opportunity tax credit.**—Employers can claim a tax credit for qualified wages paid to individuals who begin work on or before December 31, 2000 and who are certified as members of various targeted groups. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2000. The amount of the credit that can be claimed is 25 percent for employment of less than 400 hours and 40 percent for employment of 400 hours or more. The maximum credit per employee is \$2,400 and can only be claimed on the first year of wages an individual earns from an employer. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

85. **Welfare-to-work tax credit.**—An employer is eligible for a tax credit on the first \$20,000 of eligible wages paid to qualified long-term family assistance recipients during the first two years of employment. The credit is 35 percent of the first \$10,000 of wages in the first year of employment and 50 percent of the first \$10,000 of wages in the second year of employment. The maximum credit is \$8,500 per employee. The credit applies to wages paid to employees who are hired on or before December 31, 2001. The Tax Relief Extension Act of 1999 extended the expiration date from June 30, 1999 to December 31, 2001.

86. **Employer-provided child care.**—Employer-provided child care is excluded from an employee's gross income even though the employer's costs for the child care are a deductible business expense.

87. **Adoption credit and exclusion.**—Taxpayers can receive a nonrefundable tax credit for qualified adoption expenses. The maximum credit is \$5,000 per child (\$6,000 for special needs adoptions, except foreign adoptions). The credit is phased-out ratably for taxpayers with modified AGI between \$75,000 and \$115,000. Unused credits may be carried forward. In lieu of the tax credit, taxpayers may exclude qualified adoption expenses from income, subject to the same maximum amounts and phase-out as the credit. The non-special needs adoption assistance and foreign special needs assistance expire on December 31, 2001.

88. **Employer-provided meals and lodging.**—Employer-provided meals and lodging are excluded from an employee's gross income even though the employer's costs for these items are a deductible business expense.

89. **Child and dependent care expenses.**—Married couples with child and dependent care expenses may claim a tax credit when one spouse works full time and the other works at least part time or goes to school. The credit may also be claimed by divorced or separated parents who have custody of children, and by single parents. Expenditures up to a maximum \$2,400 for one

dependent and \$4,800 for two or more dependents are eligible for the credit. The credit is equal to 30 percent of qualified expenditures for taxpayers with incomes of \$10,000 or less. The credit is reduced to a minimum of 20 percent by one percentage point for each \$2,000 of income between \$10,000 and \$28,000.

90. **Disabled access expenditure credit.**—Small businesses (less than \$1 million in gross receipts or fewer than 31 full-time employees) can claim a 50-percent credit for expenditures in excess of \$250 to remove access barriers for disabled persons. The credit is limited to \$5,000.

91. **Expensing costs of removing architectural barriers.**—Taxpayers can expense (up to \$15,000 annually) the cost of removing architectural barriers to the handicapped rather than depreciate the cost over the useful life of the asset.

92. **Charitable contributions, other than education and health.**—Taxpayers may deduct contributions to charitable, religious, and certain other non-profit organizations. Taxpayers who donate capital assets to charitable organizations can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

93. **Foster care payments.**—Foster parents provide a home and care for children who are wards of the State, under contract with the State. Compensation received for this service is excluded from the gross incomes of foster parents; the expenses they incur are nondeductible.

94. **Parsonage allowances.**—The value of a minister's housing allowance and the rental value of parsonages are not included in a minister's taxable income.

Health

95. **Employer-paid medical insurance and expenses.**—Employer-paid health insurance premiums and other medical expenses (including long-term care) are deducted as a business expense by employers, but they are not included in employee gross income. The self-employed also may deduct part of their family health insurance premiums.

96. **Self-employed medical insurance premiums.**—Self-employed taxpayers may deduct a percentage of their family health insurance premiums. Taxpayers without self-employment income are not eligible for the special percentage deduction. The deductible percentage is 60 percent in 1999 through 2001, 70 percent in 2002, and 100 percent in 2003 and thereafter.

97. **Workers compensation insurance premiums.**—Workers compensation insurance premiums are paid by employers and deducted as a business expense, but the premiums are not included in employee gross income.

98. **Medical savings accounts.**—Some employees may deduct annual contributions to a medical savings

account (MSA); employer contributions to MSAs (except those made through cafeteria plans) for qualified employees are also excluded from income. An employee may contribute to an MSA in a given year only if the employer does not contribute to the MSA in that year. MSAs are only available to self-employed individuals or employees covered under an employer-sponsored high deductible health plan of a small employer. The maximum annual MSA contribution is 75 percent of the deductible under the high deductible plan for family coverage (65 percent for individual coverage). Earnings from MSAs are excluded from taxable income. Distributions from an MSA for medical expenses are not taxable. The number of taxpayers who may benefit annually from MSAs is generally limited to 750,000. No new MSAs may be established after December 31, 2000.

99. **Medical care expenses.**—Personal expenditures for medical care (including the costs of prescription drugs) exceeding 7.5 percent of the taxpayer's adjusted gross income are deductible.

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

101. **Charitable contributions to health institutions.**—Individuals and corporations may deduct contributions to nonprofit health institutions. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

102. **Orphan drugs.**—Drug firms can claim a tax credit of 50 percent of the costs for clinical testing required by the Food and Drug Administration for drugs that treat rare physical conditions or rare diseases.

103. **Blue Cross and Blue Shield.**—Blue Cross and Blue Shield health insurance providers in existence on August 16, 1986 and certain other nonprofit health insurers are provided exceptions from otherwise applicable insurance company income tax accounting rules that substantially reduce (or even eliminate) their tax liabilities.

Income Security

104. **Railroad retirement benefits.**—Railroad retirement benefits are not generally subject to the income tax unless the recipient's gross income reaches a certain threshold. The threshold is discussed more fully under the social security function.

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

106. **Public assistance benefits.**—Public assistance benefits are excluded from tax. The normal tax method considers cash transfers from the government as taxable and, thus, treats the exclusion for public assistance benefits as a tax expenditure.

107. **Special benefits for disabled coal miners.**—Disability payments to former coal miners out of the

Black Lung Trust Fund, although income to the recipient, are not subject to the income tax.

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

109. **Employer-provided pension contributions and earnings.**—Certain employer contributions to pension plans are excluded from an employee's gross income even though the employer can deduct the contributions. In addition, the tax on the investment income earned by the pension plans is deferred until the money is withdrawn.

110. **401(k) plans and Individual Retirement Accounts.**—Individual taxpayers can take advantage of several different tax-preferred retirement plans: deductible IRAs, non-deductible IRAs, Roth IRAs, and 401(k) plans (and 401(k)-type plans like 403(b) plans and the government's Thrift Savings Plan).

In 1999, an employee could exclude up to \$10,000 (indexed) of wages from AGI under a qualified arrangement with an employer's 401(k). Employees can annually contribute to a deductible IRA up to \$2,000 (or 100 percent of compensation, if less) or \$4,000 on a joint return with only one working spouse if: (a) neither the individual nor spouse is an active participant in an employer-provided retirement plan, or (b) their AGI is below \$40,000 (\$25,000 for singles). The IRA deduction is phased out for taxpayers with AGI between \$50,000 and \$60,000 (\$30,000 and \$40,000 for singles). The phase-out range increases annually until it reaches \$80,000 to \$100,000 in 2007 (\$50,000 to \$60,000 for singles). Taxpayers whose AGI is above the start of the IRA phase-out range or who are active participants in an employer-provided retirement plan can contribute to a non-deductible IRA. The tax on the investment income earned by 401(k) plans, non-deductible IRAs, and deductible IRAs is deferred until the money is withdrawn.

An employed taxpayer can make a non-deductible contribution of up to \$2,000 (a non-employed spouse can also contribute up to \$2,000 if a joint return is filed) to a Roth IRA. Investment income of a Roth IRA is not taxed when earned. Withdrawals from a Roth IRA are tax free if (1) the Roth IRA was opened at least 5 years before the withdrawal, and (2) the taxpayer either (a) is at least 59-1/2, (b) dies, (c) is disabled, or (d) purchases a first-time house. The maximum contribution to a Roth IRA is phased out for taxpayers with AGI between \$150,000 and \$160,000 (\$95,000 and \$110,000 for singles). Total annual contributions to a taxpayer's deductible, non-deductible, and Roth IRAs cannot exceed \$2,000 (\$4,000 for joints).

111. **Keogh plans.**—Self-employed individuals can make deductible contributions to their own retirement (Keogh) plans equal to 25 percent of their income, up to a maximum of \$30,000 per year. In addition, the tax on the investment income earned by Keogh plans is deferred until the money is withdrawn.

112. **Employer-provided life insurance benefits.**—Employer-provided life insurance benefits are excluded from an employee's gross income even though the employer's costs for the insurance are a deductible business expense.

113. **Employer-provided accident and disability benefits.**—Employer-provided accident and disability benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

114. **Employer-provided supplementary unemployment benefits.**—Employer-provided supplementary unemployment benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

115. **Employer Stock Ownership Plan (ESOP) provisions.**—ESOPs are a special type of tax-exempt employee benefit plan. Employer-paid contributions (the value of stock issued to the ESOP) are deductible by the employer as part of employee compensation costs. They are not included in the employees' gross income for tax purposes, however, until they are paid out as benefits. The following special income tax provisions for ESOPs are intended to increase ownership of corporations by their employees: (1) annual employer contributions are subject to less restrictive limitations; (2) ESOPs may borrow to purchase employer stock, guaranteed by their agreement with the employer that the debt will be serviced by his payment (deductible by him) of a portion of wages (excludable by the employees) to service the loan; (3) employees who sell appreciated company stock to the ESOP may defer any taxes due until they withdraw benefits; and (4) dividends paid to ESOP-held stock are deductible by the employer.

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

117. **Additional deduction for the elderly.**—Taxpayers who are 65 years or older may take an additional \$1,000 standard deduction if single, or \$800 if married.

118. **Tax credit for the elderly and disabled.**—Individuals who are 65 years of age or older, or who are permanently disabled, can take a tax credit equal to 15 percent of the sum of their earned and retirement income. Income is limited to no more than \$5,000 for single individuals or married couples filing a joint return where only one spouse is 65 years of age or older, and up to \$7,500 for joint returns where both spouses are 65 years of age or older. These limits are reduced by one-half of the taxpayer's adjusted gross income over \$7,500 for single individuals and \$10,000 for married couples filing a joint return.

119. **Casualty losses.**—Neither the purchase of property nor insurance premiums to protect its value are deductible as costs of earning income; therefore, reimbursement for insured loss of such property is not reportable as a part of gross income. Taxpayers, however, may deduct uninsured casualty and theft losses of more

than \$100 each, but only to the extent that total losses during the year exceed 10 percent of AGI.

120. **Earned income tax credit (EITC).**—The EITC may be claimed by low income workers. For a family with one qualifying child, the credit is 34 percent of the first \$6,800 of earned income in 1999. The credit is 40 percent of the first \$9,540 of income for a family with two or more qualifying children. When the taxpayer's income exceeds \$12,460, the credit is phased out at the rate of 15.98 percent (21.06 percent if two or more qualifying children are present). It is completely phased out at \$26,928 of modified adjusted gross income (\$30,580 if two or more qualifying children are present).

The credit may also be claimed by workers who do not have children living with them. Qualifying workers must be at least age 25 and may not be claimed as a dependent on another taxpayer's return. The credit is not available to workers age 65 or older. In 1999, the credit is 7.65 percent of the first \$4,530 of earned income. When the taxpayer's income exceeds \$5,670, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$10,200 of modified adjusted gross income.

For workers with or without children, the income level at which the credit's phase-outs begin and the maximum amounts of income on which the credit can be taken are adjusted for inflation. Earned income tax credits in excess of tax liabilities owed through the individual income tax system are refundable to individuals. This portion of the credit is shown as an outlay, while the amount that offsets tax liabilities is shown as a tax expenditure.

Social Security

121. **Social Security benefits for retired workers.**—Social security benefits that exceed the beneficiary's contributions out of taxed income are deferred employee compensation and the deferral of tax on that compensation is a tax expenditure. These additional retirement benefits are paid for partly by employers' contributions that were not included in employees' taxable compensation. Portions (reaching as much as 85 percent) of recipients' social security and tier 1 railroad retirement benefits are included in the income tax base, however, if the recipient's provisional income exceeds certain base amounts. Provisional income is equal to adjusted gross income plus foreign or U.S. possession income and tax-exempt interest, and one half of social security and tier 1 railroad retirement benefits. The tax expenditure is limited to the portion of the benefits received by taxpayers who are below the base amounts at which 85 percent of the benefits are taxable.

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

123. **Social Security benefits for dependents and survivors.**—Benefit payments from the Social Security

Trust Fund for dependents and survivors are excluded from the beneficiaries' gross income.

Veterans Benefits and Services

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

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

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

127. **Tax-exempt mortgage bonds for veterans.**—Interest earned on general obligation bonds issued by State and local governments to finance housing for veterans is excluded from taxable income. The issuance of such bonds is limited, however, to five pre-existing State programs and to amounts based upon previous volume levels for the period January 1, 1979 to June 22, 1984. Furthermore, future issues are limited to veterans who served on active duty before 1977.

General Government

128. **Public purpose State and local bonds.**—Interest earned on State and local government bonds issued to finance public purpose construction (e.g., schools, roads, sewers) is tax-exempt.

129. **Deductibility of certain nonbusiness State and local taxes.**—Taxpayers may deduct State and local income taxes and property taxes even though these taxes primarily pay for services that, if purchased directly by taxpayers, would not be deductible.

130. **Business income earned in U.S. possessions.**—U.S. corporations receiving income from investments or businesses located in a U.S. possession (e.g., Puerto Rico) can claim a credit against U.S. tax, which effectively excludes some of this income from tax. The credit expires December 31, 2005.

Interest

131. **U.S. savings bonds.**—Taxpayers may defer paying tax on interest earned on U.S. savings bonds until the bonds are redeemed.

TAX EXPENDITURES IN THE UNIFIED TRANSFER TAX

Exceptions to the general terms of the Federal unified transfer tax favor particular transferees or dispositions of transferors, similar to Federal direct expenditure or loan programs. The transfer tax provisions identified as tax expenditures satisfy the reference law criteria for inclusion in the tax expenditure budget that were described above. There is no generally accepted normal tax baseline for transfer taxes.

Unified Transfer Tax Reference Rules

The reference tax rules for the unified transfer tax from which departures represent tax expenditures include:

- **Definition of the taxpaying unit.** The payment of the tax is the liability of the transferor whether the transfer of cash or property was made by gift or bequest.
- **Definition of the tax base.** The base for the tax is the transferor's cumulative, taxable lifetime gifts made plus the net estate at death. Gifts in the tax base are all annual transfers in excess of \$10,000 (indexed) to any donee except the donor's spouse. Excluded are, however, payments on behalf of family members' educational and medical expenses, as well as the cost of ceremonial gatherings and celebrations that are not in honor of the donor.
- **Property valuation.** In general, property is valued at its fair market value at the time it is transferred. This is not necessarily the case in the valuation of property for transfer tax purposes. Executors of estates are provided the option to value assets at the time of the testator's death or up to six months later.

- **Tax rate schedule.** A single graduated tax rate schedule applies to all taxable transfers. This is reflected in the name of the "unified transfer tax" that has replaced the former separate gift and estate taxes. The tax rates vary from 18 percent on the first \$10,000 of aggregate taxable transfers, to 55 percent on amounts exceeding \$3 million. A lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. For decedents dying in 1999, this credit allows each taxpayer to make a \$650,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax. This figure is scheduled to increase in steps to \$1 million in 2005.⁷
- **Time when tax is due and payable.** Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable within nine months after the decedent's death. The Internal Revenue Service may grant an extension of up to 10 years for a reasonable cause. Interest is charged on the unpaid tax liability at a rate equal to the cost of Federal short-term borrowing, plus three percentage points.

Tax Expenditures by Function

The estimates of tax expenditures in the Federal unified transfer tax for fiscal years 1999–2005 are dis-

⁷An additional tax, at a flat rate of 55 percent, is imposed on lifetime, generation-skipping transfers in excess of \$1 million. It is considered a generation-skipping transfer whenever the transferee is at least two generations younger than the transferor, as it would be in the case of transfers to grandchildren or great-grandchildren. The liability of this tax is on the recipients of the transfer.

played by functional category in Table 5–6. Outlay equivalent estimates are similar to revenue loss estimates for transfer tax expenditures and, therefore, are not shown separately. A description of the provisions follows.

Natural Resources and Environment

1. **Donations of conservation easements.**—Bequests of property and easements (in perpetuity) for conservation purposes can be excluded from taxable estates. Use of the property and easements must be restricted to at least one of the following purposes: outdoor recreation or scenic enjoyment for the general public; protection of the natural habitats of fish, wildlife, plants, etc.; and preservation of historic land areas and structures. Conservation gifts are similarly excluded from the gift tax. Up to 40 percent of the value of land subject to certain conservation easements may be excluded from taxable estates; the maximum amount of the exclusion is \$200,000 in 1999 and increases by \$100,000 in each year through 2002.

Agriculture

2. **Special-use valuation of farms.**—Up to \$750,000 (indexed) in farmland owned and operated by a decedent and/or a member of the family may be valued for estate tax purposes on the basis of its “continued use” as farmland if: (1) the value of the farmland is at least 25 percent of the gross estate; (2) the entire value of all farm property is at least 50 percent of the gross estate; and (3) family heirs to the farm agree to continue to operate the property as a farm for at least 10 years.

3. **Tax deferral of closely held farms.**—The tax on a decedent’s farm can be deferred for up to 14 years if the value of the farm is at least 35 percent of the net estate. For the first 4 years of deferral, no tax need be paid. During the last 10 years of deferral, the tax liability must be paid in equal annual installments. Throughout the 14 year period, interest is charged at a special, favorable rate.

Commerce and Housing

4. **Special-use valuation of closely-held businesses.**—The special-use valuation rule available for family farms is also available for nonfarm family businesses. To be eligible for the special-use valuation, the same three conditions previously described must be met.

5. **Tax deferral of closely-held businesses.**—The tax-deferral rule available for family farms is also available for nonfarm family businesses. To be eligible for the tax deferral, the value of stock in closely-held corporations must exceed 35 percent of the decedent’s gross estate, less debt and funeral expenses.

6. **Exclusion for family-owned businesses.**—Certain family-owned businesses that are bequeathed to qualified heirs can be excluded from taxable estates. The exclusion generally cannot exceed \$1.3 million less the exemption value of the unified credit. The exclusion is recaptured if certain conditions are not maintained for 10 years.

Education, Training, Employment, and Social Services

7. **Charitable contributions to educational institutions.**—Bequests to educational institutions can be deducted from taxable estates.

8. **Charitable contributions, other than education and health.**—Bequests to charitable, religious, and certain other nonprofit organizations can be deducted from taxable estates.

Health

9. **Charitable contributions to health institutions.**—Bequests to health institutions can be deducted from taxable estates.

General Government

10. **State and local death taxes.**—A credit against the Federal estate tax is allowed for State taxes on bequests. The amount of this credit is determined by a rate schedule that reaches a maximum of 16 percent of the taxable estate in excess of \$60,000.

Table 5-6. REVENUE LOSS ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX

(In millions of dollars)

| | Description | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2001-2005 |
|----|--|-------|-------|-------|-------|-------|-------|-------|-----------|
| | Natural Resources and Environment: | | | | | | | | |
| 1 | Donations of conservation easements | 10 | 25 | 40 | 55 | 75 | 95 | 105 | 370 |
| | Agriculture: | | | | | | | | |
| 2 | Special use valuation of farm real property | 95 | 100 | 105 | 110 | 115 | 125 | 120 | 575 |
| 3 | Tax deferral of closely held farms | 5 | 15 | 20 | 20 | 20 | 25 | 30 | 115 |
| | Commerce: | | | | | | | | |
| 4 | Special use valuation of real property used in closely held businesses | 10 | 10 | 10 | 10 | 15 | 15 | 15 | 65 |
| 5 | Tax deferral of closely held business | 35 | 100 | 110 | 110 | 120 | 130 | 180 | 650 |
| 6 | Exclusion for family owned businesses | 505 | 520 | 535 | 550 | 495 | 440 | 395 | 2,415 |
| | Education, training, employment, and social services: | | | | | | | | |
| 7 | Deduction for charitable contributions (education) | 682 | 760 | 830 | 855 | 910 | 930 | 1,020 | 4,545 |
| 8 | Deduction for charitable contributions (other than education and health) ... | 2,015 | 2,240 | 2,450 | 2,525 | 2,680 | 2,750 | 3,015 | 13,420 |
| | Health: | | | | | | | | |
| 9 | Deduction for charitable contributions (health) | 615 | 685 | 750 | 775 | 820 | 840 | 925 | 4,110 |
| | General government: | | | | | | | | |
| 10 | Credit for State death taxes | 5,825 | 6,070 | 6,345 | 6,640 | 6,945 | 7,265 | 7,595 | 34,790 |

SPECIAL ANALYSES AND PRESENTATIONS

6. FEDERAL INVESTMENT SPENDING AND CAPITAL BUDGETING

Investment spending is spending that yields long-term benefits. Its purpose may be to improve the efficiency of internal Federal agency operations or to increase the Nation's overall stock of capital for economic growth. The spending can be direct Federal spending or grants to State and local governments. It can be for physical capital, which yields a stream of services over a period of years, or for research and development or education and training, which are intangible but also increase income in the future or provide other long-term benefits.

Most presentations in the Federal budget combine investment spending with spending for current use. This chapter focuses solely on Federal and federally financed investment. These investments are discussed in the following sections:

- a description of the size and composition of Federal investment spending;

- a discussion of capital assets used to provide Federal services, and efforts to improve planning and budgeting for these assets. An Appendix to Part II presents the "Principles of Budgeting for Capital Asset Acquisitions," which are being used to guide the analysis of Administration requests for spending for capital assets;
- a presentation of trends in the stock of federally financed physical capital, research and development, and education;
- alternative capital budget and capital expenditure presentations; and
- projections of Federal physical capital outlays and recent assessments of public civilian capital needs, as required by the Federal Capital Investment Program Information Act of 1984.

The President's Commission to Study Capital Budgeting

The President established the Commission to Study Capital Budgeting in 1997 with a charge to prepare a wide-ranging report on different aspects of capital budgeting including practices outside the Federal Government, the definition of capital, the role of depreciation, and the effect of a capital budget on budgeting choices, macroeconomic stabilization, and budgetary discipline. The Commission issued its report in February 1999. The Commission proposed a series of recommendations to improve each part of the budget process: setting priorities, making current budget decisions, reporting on these decisions, and subsequently evaluating them.

The Commission's broadest and most fundamental conclusion was that insufficient attention is paid to the long-run consequences of all budget decisions. The report included two recommendations to facilitate the setting of priorities among all programs, not just those involving capital expenditures. The first recommended integration of the planning under the Government Performance and Results Act (GPRA) with budgeting in the form of annually revised five-year plans, and greater emphasis by decision-makers in the Executive Branch and Congress on the longer-run implications of current year decisions. The second recommended an ongoing effort within the Federal government to analyze the benefits and costs of all major government programs as a guide to future policies. The report also recommended evaluating the benefits and costs of major investment projects undertaken in the past.

In the instructions for the FY 2001 budget, the Administration encouraged agencies to integrate their annual performance plan and budget justification. Although time for this undertaking was short, several agencies submitted integrated documents or more information on the budgetary resources to be applied to specific performance objectives. The same instructions provided guidance for the first annual performance reports due to Congress this March. They are to include, not only comparisons of actual performance with the projected levels that had been set forth in agency performance plans and analysis of those comparisons, but also summaries of all program evaluations, cost-benefit studies, and other policy, program, and management analyses. As noted in Section V of the Budget, the Admini-

(Continued on next page)

The President's Commission to Study Capital Budgeting—Continued

stration's Priority Management Objective #1 includes implementing greater integration of planning with budgeting, informing both with performance measures, and working to align cost with programs to better track what taxpayers are getting for their dollars. These steps will provide needed improvements to essential information and infrastructure to support attention to program performance and the long-range consequences of budget decisions in future years.

The Commission did not endorse a single definition of capital, but said distinctions among different types of capital spending were warranted for different purposes. It did not recommend changing the budget to make the size of the deficit or surplus depend on the amount of expenditures defined as capital, to finance capital spending by borrowing, or to make a single decision about how much to spend for "capital" under some definition. The Commission found that the current system has biases toward both too much and too little capital spending, but did not believe anyone could say authoritatively which effect was stronger. It recommended up-front full funding for capital projects, or usable segments thereof, and strict adherence to existing rules that govern the scoring of leases. The Administration plans to continue these policies.

However, the Commission concluded that capital spending is inefficiently allocated among projects, and that the current process shortchanges the maintenance of existing assets. To promote better planning and budgeting of capital expenditures for federally owned facilities, the Commission recommended that the Executive Branch and the Congress experiment with capital acquisition funds (CAFs) that would help smooth lumpiness in appropriations by aggregating capital requests for the agency, and match cost with program results by a capital usage charge on the asset-using programs. Another recommendation was to experiment with incentives for agencies to manage their assets more efficiently, for example by permitting them to keep a limited portion of revenues from selling assets. Other recommendations concerned developing and publishing more detailed information about the composition and condition of capital assets, and retrospectively assessing the extent to which major investment projects have produced returns in excess of the cost of capital.

The Administration is exploring options for capital acquisition funds as part of its effort to integrate planning and budgeting, and to charge for resources in alignment with their use to achieve program results. Implementation would require better information on existing assets, and would provide an incentive for more attention to efficient asset management. The *Capital Programming Guide* is being updated to provide specific examples and to improve understanding of the linkages between its four stages: planning, budgeting, acquisition, and management-in-use. In particular, this will emphasize how knowledge of the condition, maintenance, use, and value of existing assets feed back into the next cycle of planning. An inter-agency task force is working to develop standardized methods to estimate deferred maintenance. Meanwhile, a variety of other efforts are ongoing to improve information on existing assets and new capital projects and to more fully implement existing guidance on improving capital planning and acquisition. Furthermore, the General Services Administration has developed a draft legislative proposal allowing agencies to keep a share of the proceeds from disposing of real property, which should give them an incentive to dispose of real property they no longer need.

¹ *The Report of the President's Commission to Study Capital Budgeting* (February 1999) was published by the U.S. Government Printing Office and is also available, together with testimony and other supporting materials, on the Internet at <http://www.whitehouse.gov/pcscb>.

Part I: DESCRIPTION OF FEDERAL INVESTMENT

For almost fifty years, a chapter in the budget has shown Federal investment outlays—defined as those outlays that yield long-term benefits—separately from outlays for current use. Again this year the discussion of the composition of investment includes estimates of budget authority as well as outlays and extends these estimates four years beyond the budget year, to 2005.

The classification of spending between investment and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification, including physical investment, research, development, education, and training. The budget further classifies investments into those that are grants to State and local governments, such as grants for highways or for elementary and secondary education, and all other investments, called “direct Federal programs,” in this analysis. This “direct Federal” category consists primarily of spending for assets owned by the Federal Government, such as defense weapons systems and general purpose office buildings, but also includes grants to private organizations and individuals for investment, such as capital grants to Amtrak or higher education loans directly to individuals.

Presentations for particular purposes could adopt different definitions of investment:

- To suit the purposes of a traditional balance sheet, investment might include only those physical assets owned by the Federal Government, excluding capital financed through grants and intangible assets such as research and education.
- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the direct benefits of which enhance national security rather than economic growth.
- Concern with the efficiency of Federal operations would confine the coverage to investments that reduce costs or improve the effectiveness of internal Federal agency operations, such as computer systems.
- A “social investment” perspective might broaden the coverage of investment beyond what is included in this chapter to encompass programs such as childhood immunization, maternal health, certain nutrition programs, and substance abuse treatment, which are designed in part to prevent more costly health problems in future years.

The relatively broad definition of investment used in this section provides consistency over time—historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume. The detailed tables at the end of this section allow disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

In addition to this basic issue of definition, there are two technical problems in the classification of investment data, involving the treatment of grants to State and local governments and the classification of

spending that could be shown in more than one category.

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

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

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction, education and training, or non-investment outlays. For more information about the treatment of Federal credit programs, refer to Chapter 24, “Budget System and Concepts and Glossary.”

This section presents spending for gross investment, without adjusting for depreciation. A subsequent section discusses depreciation, shows investment both gross and net of depreciation, and displays net capital stocks.

Composition of Federal Investment Outlays

Major Federal Investment

The composition of major Federal investment outlays is summarized in Table 6–1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Defense and nondefense investment outlays were \$240.2 billion in 1999. They are estimated to increase to \$254.3 billion in 2000 and to increase further to \$267.2 billion in 2001. Major Federal investment will comprise an estimated 14.6 percent of total Federal outlays in 2001 and 2.7 percent of the Nation’s gross domestic product (GDP). Greater detail on Federal investment is available in tables 6–2 and 6–3 at the end of this section. Those tables include both budget authority and outlays.

Physical investment.—Outlays for major public physical capital investment (hereafter referred to as physical investment outlays) are estimated to be \$130.2 billion in 2001. Physical investment outlays are for construction and rehabilitation, the purchase of major equipment, and the purchase or sale of land and structures. An estimated three-fifths of these outlays are for direct physical investment by the Federal Government, with the remaining being grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense outlays for physical investment were \$53.9 billion in 1999 and are estimated to increase to \$56.2 billion in 2001. Almost all of these outlays, or \$51.1 billion, are for the procurement of weapons and other defense equipment, and the remainder is primarily for construction on military bases, family housing for military personnel, and Department of Energy defense facilities. These outlays are estimated to increase in 2002 and beyond in response to increases in defense budget authority enacted for 2000 and requested for 2001 and later years in this budget.

Outlays for direct physical investment for nondefense purposes are estimated to be \$22.4 billion in 2001. These outlays include \$13.3 billion for construction and rehabilitation. This amount includes funds for water, power, and natural resources projects of the Army Corps of Engineers, the Bureau of Reclamation within the Department of the Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy; construction and rehabilitation of veterans hospitals and Postal Service facilities; facilities for space and science programs, and Indian Health Service hospitals and clinics. Outlays for the acquisition of major equipment are estimated to be \$8.2 billion in 2001. The largest amounts are for the air traffic control system and the Postal Service. For the purchase or sale of land and structures, disbursements are estimated to exceed collections by \$0.8 billion in 2001. These purchases are largely for buildings and land for parks and other recreation purposes.

Grants to State and local governments for physical investment are estimated to be \$51.7 billion in 2001. Almost two-thirds of these outlays, or \$33.6 billion, are to assist States and localities with transportation infra-

Table 6-1. COMPOSITION OF FEDERAL INVESTMENT OUTLAYS

(In billions of dollars)

| | 1999 actual | Estimate | |
|---|----------------|--------------|--------------|
| | | 2000 | 2001 |
| Federal Investment | | | |
| Major public physical capital investment: | | | |
| Direct Federal: | | | |
| National defense | 53.9 | 53.3 | 56.2 |
| Nondefense | 20.8 | 22.4 | 22.4 |
| Subtotal, direct major public physical capital investment | 74.7 | 75.7 | 78.5 |
| Grants to State and local governments | 43.9 | 48.7 | 51.7 |
| Subtotal, major public physical capital investment | 118.6 | 124.4 | 130.2 |
| Conduct of research and development: | | | |
| National defense | 40.3 | 40.4 | 40.9 |
| Nondefense | 33.9 | 36.1 | 39.4 |
| Subtotal, conduct of research and development | 74.1 | 76.5 | 80.4 |
| Conduct of education and training: | | | |
| Grants to State and local governments | 28.4 | 33.1 | 34.9 |
| Direct Federal | 19.0 | 20.3 | 21.7 |
| Subtotal, conduct of education and training | 47.4 | 53.4 | 56.6 |
| Total, major Federal investment outlays | 240.2 | 254.3 | 267.2 |
| MEMORANDUM | | | |
| Major Federal investment outlays: | | | |
| National defense | 94.2 | 93.7 | 97.1 |
| Nondefense | 146.0 | 160.6 | 170.1 |
| Total, major Federal investment outlays | 240.2 | 254.3 | 267.2 |
| Miscellaneous physical investments: | | | |
| Commodity inventories | —* | −0.2 | −0.3 |
| Other physical investment (direct) | 2.6 | 3.3 | 4.1 |
| Total, miscellaneous physical investment | 2.5 | 3.1 | 3.8 |
| Total, Federal investment outlays, including miscellaneous physical investment | 242.7 | 257.4 | 271.0 |

* Indicates \$50 million or less.

structure, primarily highways. Other major grants for physical investment fund sewage treatment plants, community development, and public housing.

Conduct of research and development.—Outlays for the conduct of research and development are estimated to be \$80.4 billion in 2001. These outlays are devoted to increasing basic scientific knowledge and promoting research and development. They increase the Nation's security, improve the productivity of capital and labor for both public and private purposes, and enhance the quality of life. Slightly more than half of these outlays, an estimated \$40.9 billion in 2001, are for national defense. Physical investment for research and development facilities and equipment is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$39.4 billion in 2001. This is largely for the space programs, the National Science Foundation, the National Institutes of Health, and research for nuclear and non-nuclear energy programs.

Conduct of education and training.—Outlays for the conduct of education and training are estimated to be \$56.6 billion in 2001. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$34.9 billion in 2001, more than three-fifths of the total. They include education programs for the disadvantaged and the handicapped, vocational and adult education programs, training programs in the Department of Labor, and Head Start. Direct Federal education and training outlays are estimated to be \$21.7 billion in 2001. Programs in this category are primarily aid for higher education through student financial assistance, loan subsidies, the veterans GI bill, and health training programs.

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

Miscellaneous Physical Investment Outlays

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown at the bottom of Table 6–1. These items, all for physical investment, are generally unrelated to improving Government operations or enhancing economic activity.

Outlays for commodity inventories are for the purchase or sale of agricultural products pursuant to farm price support programs and the purchase and sale of other commodities such as oil and gas. Sales are estimated to exceed purchases by \$0.3 billion in 2001.

Outlays for other miscellaneous physical investment are estimated to be \$4.1 billion in 2001. This category includes primarily conservation programs. These are entirely direct Federal outlays.

Detailed Tables on Investment Spending

This section provides data on budget authority as well as outlays for major Federal investment. These estimates extend four years beyond the budget year to 2005. Table 6–2 displays budget authority (BA) and outlays (O) by major programs according to defense and nondefense categories. The greatest level of detail appears in Table 6–3, which shows budget authority and outlays divided according to grants to State and local governments and direct Federal spending. Miscellaneous investment is not included in these tables because it is generally unrelated to improving Government operations or enhancing economic activity.

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

(in millions of dollars)

| Description | 1999 Actual | Estimate | | | | | | |
|--|----------------|----------|---------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| NATIONAL DEFENSE | | | | | | | | |
| Major public physical investment: | | | | | | | | |
| Construction and rehabilitation | BA | 5,083 | 5,556 | 4,568 | 4,775 | 4,434 | 4,590 | 4,810 |
| | O | 4,871 | 4,915 | 5,120 | 4,577 | 4,471 | 4,444 | 4,588 |
| Acquisition of major equipment | BA | 51,165 | 54,351 | 60,045 | 62,276 | 65,915 | 67,063 | 70,444 |
| | O | 49,040 | 48,444 | 51,076 | 53,405 | 59,248 | 62,874 | 65,607 |
| Purchase or sale of land and structures | BA | -31 | -30 | -27 | -29 | -29 | -29 | -29 |
| | O | -31 | -30 | -27 | -29 | -29 | -29 | -29 |
| Subtotal, major public physical investment | BA | 56,217 | 59,877 | 64,586 | 67,022 | 70,320 | 71,624 | 75,225 |
| | O | 53,880 | 53,329 | 56,169 | 57,953 | 63,690 | 67,289 | 70,166 |
| Conduct of research and development | BA | 41,275 | 41,263 | 41,369 | 41,867 | 41,096 | 40,890 | 39,794 |
| | O | 40,276 | 40,409 | 40,914 | 40,990 | 40,827 | 40,621 | 39,987 |
| Conduct of education and training (civilian) | BA | 3 | 8 | 7 | 10 | 10 | 10 | 10 |
| | O | 6 | 8 | 7 | 10 | 10 | 10 | 10 |
| Subtotal, national defense investment | BA | 97,495 | 101,148 | 105,962 | 108,899 | 111,426 | 112,524 | 115,029 |
| | O | 94,162 | 93,746 | 97,090 | 98,953 | 104,527 | 107,920 | 110,163 |
| NONDEFENSE | | | | | | | | |
| Major public physical investment: | | | | | | | | |
| Construction and rehabilitation: | | | | | | | | |
| Highways | BA | 29,164 | 31,115 | 33,339 | 30,579 | 30,595 | 31,192 | 31,802 |
| | O | 22,723 | 25,420 | 27,210 | 27,875 | 27,348 | 27,166 | 27,184 |
| Mass transportation | BA | 4,753 | 5,513 | 6,136 | 6,558 | 7,025 | 7,166 | 7,309 |
| | O | 4,024 | 4,301 | 4,466 | 5,223 | 5,740 | 6,403 | 6,755 |
| Rail transportation | BA | 6 | 11 | 37 | 37 | 37 | 18 | 18 |
| | O | 61 | 61 | 10 | 26 | 32 | 32 | 27 |
| Air transportation | BA | 2,382 | 1,973 | 2,037 | 2,088 | 2,142 | 2,198 | 2,254 |
| | O | 1,619 | 1,969 | 1,984 | 2,031 | 2,086 | 2,144 | 2,191 |
| Community development block grants | BA | 4,893 | 4,781 | 4,900 | 4,900 | 4,959 | 5,077 | 5,188 |
| | O | 4,804 | 4,856 | 4,826 | 4,957 | 4,998 | 5,073 | 4,979 |
| Other community and regional development | BA | 1,552 | 1,523 | 2,015 | 2,015 | 2,034 | 2,085 | 2,124 |
| | O | 1,289 | 1,512 | 1,572 | 1,713 | 1,868 | 2,019 | 2,078 |
| Pollution control and abatement | BA | 4,118 | 4,064 | 3,505 | 3,505 | 3,545 | 3,628 | 3,706 |
| | O | 3,749 | 3,917 | 4,111 | 4,065 | 4,013 | 4,012 | 4,045 |
| Water resources | BA | 3,176 | 3,166 | 3,782 | 3,819 | 3,866 | 3,965 | 4,056 |
| | O | 2,845 | 3,771 | 3,740 | 3,821 | 3,974 | 4,009 | 4,106 |
| Housing assistance | BA | 6,982 | 6,849 | 7,196 | 7,196 | 7,282 | 7,463 | 7,627 |
| | O | 6,389 | 7,122 | 7,675 | 7,479 | 7,779 | 8,443 | 8,656 |
| Energy | BA | 957 | 977 | 865 | 906 | 892 | 1,128 | 1,200 |
| | O | 955 | 975 | 863 | 903 | 889 | 1,126 | 1,198 |
| Veterans hospitals and other health | BA | 1,479 | 1,237 | 1,323 | 1,325 | 1,316 | 1,345 | 1,376 |
| | O | 1,427 | 1,302 | 1,402 | 1,399 | 1,350 | 1,352 | 1,368 |
| Postal Service | BA | 1,629 | 1,457 | 1,017 | 1,485 | 1,742 | 1,509 | 1,625 |
| | O | 1,675 | 1,225 | 1,044 | 1,457 | 1,574 | 1,609 | 1,580 |
| GSA real property activities | BA | 1,452 | 753 | 1,501 | 1,199 | 1,180 | 1,189 | 1,154 |
| | O | 958 | 976 | 1,116 | 1,155 | 1,295 | 1,387 | 1,324 |
| Other programs | BA | 3,760 | 2,815 | 3,932 | 4,125 | 4,024 | 3,721 | 3,768 |
| | O | 2,884 | 3,734 | 3,644 | 3,711 | 3,993 | 3,950 | 3,756 |
| Subtotal, construction and rehabilitation | BA | 66,303 | 66,234 | 71,585 | 69,737 | 70,639 | 71,684 | 73,207 |
| | O | 55,402 | 61,141 | 63,663 | 65,816 | 66,939 | 68,726 | 69,249 |
| Acquisition of major equipment: | | | | | | | | |
| Air transportation | BA | 2,130 | 2,032 | 2,455 | 2,505 | 2,567 | 2,643 | 2,733 |
| | O | 2,234 | 1,806 | 1,965 | 2,294 | 2,410 | 2,576 | 2,650 |
| Postal Service | BA | 580 | 848 | 818 | 745 | 744 | 530 | 610 |
| | O | 467 | 736 | 714 | 778 | 588 | 832 | 520 |
| Other | BA | 5,754 | 5,230 | 6,422 | 6,384 | 6,388 | 6,398 | 6,490 |
| | O | 4,598 | 5,480 | 5,568 | 5,953 | 6,207 | 6,217 | 6,340 |
| Subtotal, acquisition of major equipment | BA | 8,464 | 8,110 | 9,695 | 9,634 | 9,699 | 9,571 | 9,833 |
| | O | 7,299 | 8,022 | 8,247 | 9,025 | 9,205 | 9,625 | 9,510 |
| Purchase or sale of land and structures | BA | 676 | 921 | 688 | 365 | 375 | 700 | 704 |
| | O | 1,014 | 910 | 866 | 581 | 640 | 896 | 921 |

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

(in millions of dollars)

| Description | 1999 Actual | Estimate | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Other physical assets (grants) | BA | 990 | 1,074 | 1,481 | 1,504 | 1,555 | 1,587 | 1,629 |
| | O | 1,048 | 1,023 | 1,280 | 1,314 | 1,379 | 1,446 | 1,491 |
| Subtotal, major public physical investment | BA | 76,433 | 76,339 | 83,449 | 81,240 | 82,268 | 83,542 | 85,373 |
| | O | 64,763 | 71,096 | 74,056 | 76,736 | 78,163 | 80,693 | 81,171 |
| Conduct of research and development: | | | | | | | | |
| General science, space and technology | BA | 12,983 | 13,386 | 14,355 | 14,792 | 15,297 | 15,928 | 16,345 |
| | O | 12,547 | 13,100 | 13,564 | 14,327 | 15,098 | 15,638 | 16,191 |
| Energy | BA | 1,196 | 1,259 | 1,340 | 1,341 | 1,356 | 1,401 | 1,432 |
| | O | 1,285 | 1,373 | 1,543 | 1,660 | 1,667 | 1,660 | 1,658 |
| Transportation | BA | 1,665 | 1,495 | 1,534 | 1,524 | 1,557 | 1,583 | 1,601 |
| | O | 1,582 | 1,249 | 1,507 | 1,531 | 1,558 | 1,581 | 1,597 |
| Health | BA | 15,476 | 17,683 | 18,634 | 18,626 | 18,821 | 19,283 | 19,706 |
| | O | 13,696 | 15,448 | 17,703 | 18,759 | 18,652 | 18,895 | 19,284 |
| Natural resources and environment | BA | 1,997 | 1,911 | 1,941 | 1,943 | 1,967 | 2,017 | 2,062 |
| | O | 1,732 | 1,671 | 1,689 | 1,748 | 1,797 | 1,825 | 1,852 |
| All other research and development | BA | 3,245 | 3,294 | 3,504 | 3,379 | 3,423 | 3,506 | 3,581 |
| | O | 3,018 | 3,213 | 3,441 | 3,560 | 3,712 | 3,793 | 3,873 |
| Subtotal, conduct of research and development | BA | 36,562 | 39,028 | 41,308 | 41,605 | 42,421 | 43,718 | 44,727 |
| | O | 33,860 | 36,054 | 39,447 | 41,585 | 42,484 | 43,392 | 44,455 |
| Conduct of education and training: | | | | | | | | |
| Education, training, employment and social services: | | | | | | | | |
| Elementary, secondary, and vocational education | BA | 16,804 | 17,113 | 26,744 | 26,742 | 26,876 | 27,161 | 27,419 |
| | O | 17,530 | 21,240 | 22,406 | 24,088 | 26,590 | 26,916 | 27,170 |
| Higher education | BA | 13,674 | 12,356 | 13,448 | 14,849 | 16,046 | 16,436 | 17,086 |
| | O | 11,773 | 11,634 | 12,387 | 4,043 | 5,130 | 15,833 | 16,397 |
| Research and general education aids | BA | 2,277 | 2,303 | 2,424 | 2,439 | 2,477 | 2,504 | 2,560 |
| | O | 2,036 | 2,409 | 2,427 | 2,389 | 2,407 | 2,463 | 2,514 |
| Training and employment | BA | 6,683 | 2,849 | 5,997 | 5,950 | 6,022 | 6,171 | 6,306 |
| | O | 4,890 | 6,024 | 6,441 | 5,930 | 6,186 | 6,108 | 6,152 |
| Social services | BA | 7,371 | 6,668 | 9,187 | 8,910 | 9,060 | 9,299 | 9,524 |
| | O | 7,178 | 7,708 | 8,277 | 8,697 | 8,715 | 8,841 | 9,033 |
| Subtotal, education, training, and social services | BA | 46,809 | 41,289 | 57,800 | 58,890 | 60,481 | 61,571 | 62,895 |
| | O | 43,407 | 49,015 | 51,938 | 45,147 | 49,028 | 60,161 | 61,266 |
| Veterans education, training, and rehabilitation | BA | 1,360 | 1,697 | 1,886 | 1,906 | 1,909 | 1,925 | 1,955 |
| | O | 1,643 | 1,737 | 1,937 | 1,904 | 1,909 | 1,923 | 1,968 |
| Health | BA | 1,021 | 1,090 | 1,067 | 1,067 | 1,079 | 1,103 | 1,125 |
| | O | 891 | 1,007 | 1,050 | 1,083 | 1,071 | 1,083 | 1,104 |
| Other education and training | BA | 1,663 | 1,680 | 1,824 | 1,724 | 1,745 | 1,790 | 1,835 |
| | O | 1,453 | 1,641 | 1,658 | 1,717 | 1,755 | 1,761 | 1,779 |
| Subtotal, conduct of education and training | BA | 50,853 | 45,756 | 62,577 | 63,587 | 65,214 | 66,389 | 67,810 |
| | O | 47,394 | 53,400 | 56,583 | 49,851 | 53,763 | 64,928 | 66,117 |
| Subtotal, nondefense investment | BA | 163,848 | 161,123 | 187,334 | 186,432 | 189,903 | 193,649 | 197,910 |
| | O | 146,017 | 160,550 | 170,086 | 168,172 | 174,410 | 189,013 | 191,743 |
| Total, Federal investment | BA | 261,343 | 262,271 | 293,296 | 295,331 | 301,329 | 306,173 | 312,939 |
| | O | 240,179 | 254,296 | 267,176 | 267,125 | 278,937 | 296,933 | 301,906 |

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

(in millions of dollars)

| Description | | 1999 Actual | Estimate | | | | | |
|---|----|----------------|----------|---------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| GRANTS TO STATE AND LOCAL GOVERNMENTS | | | | | | | | |
| Major public physical investments: | | | | | | | | |
| Construction and rehabilitation: | | | | | | | | |
| Highways | BA | 28,964 | 31,115 | 33,339 | 30,579 | 30,595 | 31,192 | 31,802 |
| | O | 22,722 | 25,416 | 27,205 | 27,875 | 27,348 | 27,166 | 27,184 |
| Mass transportation | BA | 4,753 | 5,517 | 6,136 | 6,558 | 7,025 | 7,166 | 7,309 |
| | O | 4,024 | 4,301 | 4,466 | 5,223 | 5,740 | 6,403 | 6,755 |
| Rail transportation | BA | | | | | | | |
| | O | 32 | 17 | | | | | |
| Air transportation | BA | 2,322 | 1,896 | 1,950 | 1,999 | 2,050 | 2,103 | 2,158 |
| | O | 1,565 | 1,896 | 1,899 | 1,943 | 1,994 | 2,049 | 2,095 |
| Pollution control and abatement | BA | 2,769 | 2,787 | 2,071 | 2,071 | 2,096 | 2,147 | 2,195 |
| | O | 2,180 | 2,470 | 2,726 | 2,656 | 2,551 | 2,486 | 2,466 |
| Other natural resources and environment | BA | 52 | 46 | 17 | 17 | 17 | 18 | 18 |
| | O | 53 | 72 | 59 | 39 | 34 | 26 | 27 |
| Community development block grants | BA | 4,893 | 4,781 | 4,900 | 4,900 | 4,959 | 5,077 | 5,188 |
| | O | 4,804 | 4,856 | 4,826 | 4,957 | 4,998 | 5,073 | 4,979 |
| Other community and regional development | BA | 1,208 | 1,210 | T21,435 | 1,435 | 1,449 | 1,483 | 1,511 |
| | O | 983 | 1,252 | 1,222 | 1,307 | 1,356 | 1,447 | 1,493 |
| Housing assistance | BA | 6,956 | 6,821 | 7,156 | 7,156 | 7,242 | 7,422 | 7,585 |
| | O | 6,368 | 7,096 | 7,643 | 7,440 | 7,739 | 8,402 | 8,614 |
| Other construction | BA | 166 | 264 | 251 | 253 | 254 | 260 | 264 |
| | O | 126 | 220 | 294 | 305 | 295 | 283 | 287 |
| Subtotal, construction and rehabilitation | BA | 52,083 | 54,437 | 57,255 | 54,968 | 55,687 | 56,868 | 58,028 |
| | O | 42,857 | 47,596 | 50,340 | 51,745 | 52,055 | 53,335 | 53,900 |
| Other physical assets | BA | 1,050 | 1,121 | 1,639 | 1,662 | 1,694 | 1,691 | 1,737 |
| | O | 1,081 | 1,102 | 1,344 | 1,416 | 1,505 | 1,581 | 1,609 |
| Subtotal, major public physical capital | BA | 53,133 | 55,558 | 58,894 | 56,630 | 57,381 | 58,559 | 59,767 |
| | O | 43,938 | 48,698 | 51,684 | 53,161 | 53,560 | 54,916 | 55,509 |
| Conduct of research and development: | | | | | | | | |
| Agriculture | BA | 239 | 257 | 273 | 258 | 261 | 268 | 273 |
| | O | 210 | 233 | 255 | 239 | 256 | 261 | 261 |
| Other | BA | 178 | 209 | 239 | 228 | 227 | 230 | 233 |
| | O | 98 | 134 | 222 | 227 | 232 | 234 | 236 |
| Subtotal, conduct of research and development | BA | 417 | 466 | 512 | 486 | 488 | 498 | 506 |
| | O | 308 | 367 | 477 | 466 | 488 | 495 | 497 |
| Conduct of education and training: | | | | | | | | |
| Elementary, secondary, and vocational education | BA | 15,548 | 15,336 | 22,582 | 22,441 | 22,549 | 22,776 | 22,983 |
| | O | 16,684 | 20,035 | 20,804 | 21,267 | 22,789 | 22,793 | 22,969 |
| Higher education | BA | 157 | 190 | 233 | 233 | 236 | 242 | 248 |
| | O | 65 | 157 | 190 | 168 | 175 | 220 | 225 |
| Research and general education aids | BA | 573 | 438 | 508 | 524 | 532 | 522 | 532 |
| | O | 389 | 592 | 501 | 476 | 479 | 490 | 497 |
| Training and employment | BA | 5,110 | 1,774 | 3,882 | 3,852 | 3,898 | 3,995 | 4,082 |
| | O | 3,712 | 4,558 | 4,938 | 4,394 | 4,585 | 4,465 | 4,476 |
| Social services | BA | 7,072 | 6,340 | 8,814 | 8,753 | 8,901 | 9,136 | 9,358 |
| | O | 7,027 | 7,235 | 7,933 | 8,485 | 8,560 | 8,691 | 8,880 |
| Agriculture | BA | 437 | 434 | 443 | 428 | 433 | 444 | 454 |
| | O | 416 | 460 | 432 | 433 | 438 | 444 | 451 |
| Other | BA | 114 | 114 | 119 | 117 | 117 | 121 | 123 |
| | O | 92 | 107 | 108 | 114 | 111 | 111 | 113 |
| Subtotal, conduct of education and training | BA | 29,011 | 24,626 | 36,581 | 36,348 | 36,666 | 37,236 | 37,780 |
| | O | 28,385 | 33,144 | 34,906 | 35,337 | 37,137 | 37,214 | 37,611 |
| Subtotal, grants for investment | BA | 82,561 | 80,650 | 95,987 | 93,464 | 94,534 | 96,293 | 98,051 |
| | O | 72,631 | 82,209 | 87,067 | 88,964 | 91,185 | 92,625 | 93,617 |
| DIRECT FEDERAL PROGRAMS | | | | | | | | |
| Major public physical investment: | | | | | | | | |
| Construction and rehabilitation: | | | | | | | | |
| National defense: | | | | | | | | |
| Military construction | BA | 3,553 | 4,053 | 3,193 | 3,625 | 3,255 | 3,376 | 3,568 |

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

(in millions of dollars)

| Description | | 1999 Actual | Estimate | | | | | 2005 |
|---|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Family housing | O | 3,369 | 3,274 | 3,660 | 3,468 | 3,335 | 3,292 | 3,407 |
| | BA | 709 | 772 | 752 | 527 | 549 | 566 | 581 |
| Atomic energy defense activities and other | O | 731 | 898 | 801 | 445 | 464 | 467 | 481 |
| | BA | 821 | 731 | 623 | 623 | 630 | 648 | 661 |
| | O | 771 | 743 | 659 | 664 | 672 | 685 | 700 |
| Subtotal, national defense | BA | 5,083 | 5,556 | 4,568 | 4,775 | 4,434 | 4,590 | 4,810 |
| | O | 4,871 | 4,915 | 5,120 | 4,577 | 4,471 | 4,444 | 4,588 |
| International affairs | BA | 544 | 370 | 726 | 824 | 922 | 1,021 | 1,021 |
| | O | 368 | 395 | 455 | 565 | 650 | 732 | 782 |
| General science, space, and technology | BA | 424 | 377 | 612 | 621 | 625 | 632 | 640 |
| | O | 413 | 494 | 616 | 634 | 641 | 646 | 655 |
| Water resources projects | BA | 3,124 | 3,125 | 3,765 | 3,802 | 3,849 | 3,947 | 4,038 |
| | O | 2,793 | 3,705 | 3,682 | 3,783 | 3,941 | 3,984 | 4,080 |
| Other natural resources and environment | BA | 1,818 | 1,699 | 1,810 | 1,813 | 1,828 | 1,867 | 1,903 |
| | O | 1,809 | 1,845 | 1,742 | 1,756 | 1,800 | 1,871 | 1,926 |
| Energy | BA | 957 | 977 | 865 | 906 | 892 | 1,128 | 1,200 |
| | O | 955 | 975 | 863 | 903 | 889 | 1,126 | 1,198 |
| Postal Service | BA | 1,629 | 1,457 | 1,017 | 1,485 | 1,742 | 1,509 | 1,625 |
| | O | 1,675 | 1,225 | 1,044 | 1,457 | 1,574 | 1,609 | 1,580 |
| Transportation | BA | 501 | 224 | 284 | 286 | 292 | 280 | 285 |
| | O | 242 | 309 | 269 | 287 | 287 | 294 | 296 |
| Housing assistance | BA | 26 | 28 | 40 | 40 | 40 | 41 | 42 |
| | O | 21 | 26 | 32 | 39 | 40 | 41 | 42 |
| Veterans hospitals and other health facilities | BA | 1,389 | 1,147 | 1,263 | 1,265 | 1,255 | 1,283 | 1,312 |
| | O | 1,387 | 1,238 | 1,317 | 1,314 | 1,275 | 1,292 | 1,308 |
| Federal Prison System | BA | 364 | 441 | 713 | 807 | 590 | 137 | 140 |
| | O | 387 | 365 | 568 | 650 | 811 | 650 | 376 |
| GSA real property activities | BA | 1,452 | 753 | 1,501 | 1,199 | 1,180 | 1,189 | 1,154 |
| | O | 958 | 976 | 1,116 | 1,155 | 1,295 | 1,387 | 1,324 |
| Other construction | BA | 1,992 | 1,199 | 1,734 | 1,721 | 1,738 | 1,783 | 1,819 |
| | O | 1,537 | 1,992 | 1,619 | 1,528 | 1,681 | 1,759 | 1,782 |
| Subtotal, construction and rehabilitation | BA | 19,303 | 17,353 | 18,898 | 19,544 | 19,387 | 19,407 | 19,989 |
| | O | 17,416 | 18,460 | 18,443 | 18,648 | 19,355 | 19,835 | 19,937 |
| Acquisition of major equipment: | | | | | | | | |
| National defense: | | | | | | | | |
| Department of Defense | BA | 50,983 | 54,191 | 59,890 | 62,121 | 65,760 | 66,902 | 70,281 |
| | O | 48,824 | 48,282 | 50,918 | 53,243 | 59,082 | 62,706 | 65,436 |
| Atomic energy defense activities | BA | 182 | 160 | 155 | 155 | 155 | 161 | 163 |
| | O | 216 | 162 | 158 | 162 | 166 | 168 | 171 |
| Subtotal, national defense | BA | 51,165 | 54,351 | 60,045 | 62,276 | 65,915 | 67,063 | 70,444 |
| | O | 49,040 | 48,444 | 51,076 | 53,405 | 59,248 | 62,874 | 65,607 |
| General science and basic research | BA | 398 | 410 | 476 | 481 | 477 | 482 | 488 |
| | O | 372 | 382 | 411 | 448 | 473 | 481 | 488 |
| Space flight, research, and supporting activities | BA | 666 | 582 | 587 | 586 | 558 | 559 | 555 |
| | O | 662 | 581 | 575 | 581 | 562 | 554 | 551 |
| Energy | BA | 123 | 121 | 118 | 241 | 247 | 165 | 187 |
| | O | 123 | 121 | 118 | 241 | 247 | 165 | 187 |
| Postal Service | BA | 580 | 848 | 818 | 745 | 744 | 530 | 610 |
| | O | 467 | 736 | 714 | 778 | 588 | 832 | 520 |
| Air transportation | BA | 2,130 | 2,032 | 2,455 | 2,505 | 2,567 | 2,643 | 2,733 |
| | O | 2,234 | 1,806 | 1,965 | 2,294 | 2,410 | 2,576 | 2,650 |
| Water transportation (Coast Guard) | BA | 418 | 254 | 343 | 343 | 347 | 356 | 364 |
| | O | 266 | 282 | 269 | 313 | 317 | 328 | 340 |
| Other transportation (railroads) | BA | 609 | 571 | 989 | 521 | 527 | 540 | 552 |
| | O | 244 | 597 | 598 | 686 | 901 | 958 | 1,025 |
| Social security | BA | | | | | | | |
| | O | 72 | 44 | 21 | 22 | 24 | 26 | 27 |
| Hospital and medical care for veterans | BA | 253 | 550 | 626 | 626 | 634 | 649 | 663 |
| | O | 172 | 474 | 561 | 555 | 562 | 574 | 587 |
| Department of Justice | BA | 389 | 566 | 612 | 613 | 619 | 636 | 650 |
| | O | 338 | 686 | 570 | 628 | 644 | 659 | 673 |

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

(in millions of dollars)

| Description | | 1999 Actual | Estimate | | | | | 2005 |
|---|----|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Department of the Treasury | BA | 852 | 293 | 403 | 571 | 574 | 581 | 588 |
| | O | 594 | 489 | 406 | 452 | 516 | 530 | 539 |
| GSA general supply fund | BA | 585 | 610 | 644 | 676 | 709 | 744 | 781 |
| | O | 534 | 610 | 644 | 676 | 709 | 744 | 781 |
| Other | BA | 1,401 | 1,226 | 1,466 | 1,568 | 1,557 | 1,582 | 1,554 |
| | O | 1,188 | 1,135 | 1,331 | 1,249 | 1,126 | 1,063 | 1,024 |
| Subtotal, acquisition of major equipment | BA | 59,569 | 62,414 | 69,582 | 71,752 | 75,475 | 76,530 | 80,169 |
| | O | 56,306 | 56,387 | 59,259 | 62,328 | 68,327 | 72,364 | 74,999 |
| Purchase or sale of land and structures: | | | | | | | | |
| National defense | BA | -31 | -30 | -27 | -29 | -29 | -29 | -29 |
| | O | -31 | -30 | -27 | -29 | -29 | -29 | -29 |
| International affairs | BA | 83 | 254 | 27 | 31 | 35 | 38 | 38 |
| | O | 83 | 167 | 177 | 195 | 204 | 186 | 194 |
| Privatization of Elk Hills | BA | | | | | -323 | | |
| | O | | | | | -323 | | |
| Other | BA | 593 | 667 | 661 | 334 | 663 | 662 | 666 |
| | O | 931 | 743 | 689 | 386 | 759 | 710 | 727 |
| Subtotal, purchase or sale of land and structures | BA | 645 | 891 | 661 | 336 | 346 | 671 | 675 |
| | O | 983 | 880 | 839 | 552 | 611 | 867 | 892 |
| Subtotal, major public physical investment | BA | 79,517 | 80,658 | 89,141 | 91,632 | 95,208 | 96,608 | 100,833 |
| | O | 74,705 | 75,728 | 78,541 | 81,526 | 88,293 | 93,065 | 95,828 |
| Conduct of research and development: | | | | | | | | |
| National defense | | | | | | | | |
| Defense military | BA | 38,569 | 38,471 | 38,254 | 38,752 | 37,945 | 37,633 | 36,492 |
| | O | 37,571 | 37,619 | 37,805 | 37,845 | 37,653 | 37,364 | 36,691 |
| Atomic energy and other | BA | 2,706 | 2,792 | 3,115 | 3,115 | 3,151 | 3,257 | 3,302 |
| | O | 2,705 | 2,790 | 3,109 | 3,145 | 3,174 | 3,257 | 3,296 |
| Subtotal, national defense | BA | 41,275 | 41,263 | 41,369 | 41,867 | 41,096 | 40,890 | 39,794 |
| | O | 40,276 | 40,409 | 40,914 | 40,990 | 40,827 | 40,621 | 39,987 |
| International affairs | BA | 190 | 142 | 114 | 114 | 115 | 118 | 120 |
| | O | 220 | 179 | 189 | 304 | 329 | 342 | 365 |
| General science, space and technology | | | | | | | | |
| NASA | BA | 8,281 | 8,481 | 8,813 | 9,240 | 9,732 | 10,291 | 10,614 |
| | O | 8,316 | 8,479 | 8,503 | 8,849 | 9,419 | 9,938 | 10,388 |
| National Science Foundation | BA | 2,477 | 2,676 | 3,193 | 3,189 | 3,227 | 3,306 | 3,378 |
| | O | 2,144 | 2,364 | 2,701 | 3,010 | 3,196 | 3,229 | 3,323 |
| Department of Energy | BA | 2,225 | 2,229 | 2,349 | 2,363 | 2,338 | 2,331 | 2,353 |
| | O | 2,087 | 2,257 | 2,360 | 2,468 | 2,483 | 2,471 | 2,480 |
| Subtotal, general science, space and technology | BA | 13,173 | 13,528 | 14,469 | 14,906 | 15,412 | 16,046 | 16,465 |
| | O | 12,767 | 13,279 | 13,753 | 14,631 | 15,427 | 15,980 | 16,556 |
| Energy | BA | 1,196 | 1,259 | 1,340 | 1,341 | 1,356 | 1,401 | 1,432 |
| | O | 1,285 | 1,373 | 1,543 | 1,660 | 1,667 | 1,660 | 1,658 |
| Transportation: | | | | | | | | |
| Department of Transportation | BA | 428 | 422 | 566 | 535 | 542 | 555 | 571 |
| | O | 395 | 403 | 511 | 540 | 516 | 527 | 538 |
| NASA | BA | 1,098 | 924 | 819 | 851 | 877 | 888 | 887 |
| | O | 1,117 | 759 | 826 | 815 | 869 | 883 | 887 |
| Subtotal, transportation | BA | 2,722 | 2,605 | 2,725 | 2,727 | 2,775 | 2,844 | 2,890 |
| | O | 2,797 | 2,535 | 2,880 | 3,015 | 3,052 | 3,070 | 3,083 |
| Health: | | | | | | | | |
| National Institutes of Health | BA | 14,778 | 16,900 | 17,909 | 17,909 | 18,098 | 18,546 | 18,953 |
| | O | 13,027 | 14,702 | 16,932 | 18,025 | 17,930 | 18,172 | 18,553 |
| All other health | BA | 688 | 772 | 714 | 706 | 712 | 725 | 741 |
| | O | 659 | 735 | 760 | 723 | 711 | 711 | 719 |
| Subtotal, health | BA | 15,466 | 17,672 | 18,623 | 18,615 | 18,810 | 19,271 | 19,694 |

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

(in millions of dollars)

| Description | | 1999 Actual | Estimate | | | | | |
|--|----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| | O | 13,686 | 15,437 | 17,692 | 18,748 | 18,641 | 18,883 | 19,272 |
| Agriculture | BA | 1,049 | 1,148 | 1,177 | 1,117 | 1,133 | 1,158 | 1,181 |
| | O | 990 | 1,069 | 1,139 | 1,147 | 1,168 | 1,178 | 1,188 |
| Natural resources and environment | BA | 1,997 | 1,911 | 1,941 | 1,943 | 1,967 | 2,017 | 2,062 |
| | O | 1,732 | 1,671 | 1,689 | 1,748 | 1,797 | 1,825 | 1,852 |
| National Institute of Standards and Technology | BA | 392 | 336 | 449 | 449 | 454 | 466 | 476 |
| | O | 404 | 377 | 412 | 387 | 441 | 458 | 468 |
| Hospital and medical care for veterans | BA | 641 | 652 | 652 | 652 | 660 | 676 | 691 |
| | O | 637 | 643 | 666 | 658 | 663 | 678 | 693 |
| All other research and development | BA | 705 | 710 | 760 | 710 | 722 | 742 | 762 |
| | O | 539 | 676 | 739 | 785 | 807 | 825 | 846 |
| Subtotal, conduct of research and development | BA | 77,420 | 79,825 | 82,165 | 82,986 | 83,029 | 84,110 | 84,015 |
| | O | 73,828 | 76,096 | 79,884 | 82,109 | 82,823 | 83,518 | 83,945 |
| Conduct of education and training: | | | | | | | | |
| Elementary, secondary, and vocational education | BA | 1,256 | 1,777 | 4,162 | 4,301 | 4,327 | 4,385 | 4,436 |
| | O | 846 | 1,205 | 1,602 | 2,821 | 3,801 | 4,123 | 4,201 |
| Higher education | BA | 13,517 | 12,166 | 13,215 | 14,616 | 15,810 | 16,194 | 16,838 |
| | O | 11,708 | 11,477 | 12,197 | 3,875 | 4,955 | 15,613 | 16,172 |
| Research and general education aids | BA | 1,704 | 1,865 | 1,916 | 1,915 | 1,945 | 1,982 | 2,028 |
| | O | 1,647 | 1,817 | 1,926 | 1,913 | 1,928 | 1,973 | 2,017 |
| Training and employment | BA | 1,573 | 1,075 | 2,115 | 2,098 | 2,124 | 2,176 | 2,224 |
| | O | 1,178 | 1,466 | 1,503 | 1,536 | 1,601 | 1,643 | 1,676 |
| Health | BA | 1,007 | 1,076 | 1,053 | 1,053 | 1,065 | 1,088 | 1,110 |
| | O | 877 | 993 | 1,036 | 1,068 | 1,056 | 1,068 | 1,088 |
| Veterans education, training, and rehabilitation | BA | 1,360 | 1,697 | 1,886 | 1,906 | 1,909 | 1,925 | 1,955 |
| | O | 1,643 | 1,737 | 1,937 | 1,904 | 1,909 | 1,923 | 1,968 |
| General science and basic research | BA | 673 | 684 | 750 | 725 | 734 | 752 | 768 |
| | O | 560 | 649 | 680 | 691 | 709 | 720 | 736 |
| National defense | BA | 3 | 8 | 7 | 10 | 10 | 10 | 10 |
| | O | 6 | 8 | 7 | 10 | 10 | 10 | 10 |
| International affairs | BA | 293 | 209 | 226 | 226 | 229 | 234 | 239 |
| | O | 273 | 247 | 226 | 231 | 235 | 236 | 238 |
| Other | BA | 459 | 581 | 673 | 399 | 405 | 417 | 432 |
| | O | 277 | 665 | 570 | 475 | 432 | 415 | 410 |
| Subtotal, conduct of education and training | BA | 21,845 | 21,138 | 26,003 | 27,249 | 28,558 | 29,163 | 30,040 |
| | O | 19,015 | 20,264 | 21,684 | 14,524 | 16,636 | 27,724 | 28,516 |
| Subtotal, direct Federal investment | BA | 178,782 | 181,621 | 197,309 | 201,867 | 206,795 | 209,880 | 214,888 |
| | O | 167,548 | 172,087 | 180,109 | 178,161 | 187,752 | 204,308 | 208,289 |
| Total, Federal investment | BA | 261,343 | 262,271 | 293,296 | 295,331 | 301,329 | 306,173 | 312,939 |
| | O | 240,179 | 254,296 | 267,176 | 267,125 | 278,937 | 296,933 | 301,906 |

Part II: PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

The previous section discussed Federal investment broadly defined. The focus of this section is much narrower—the review of planning and budgeting during the past year and the resultant budget proposals for capital assets owned by the Federal Government and used to deliver Federal services. Capital assets consist of Federal buildings, information technology, and other facilities and major equipment, including weapons systems, federally owned infrastructure, and space satellites.¹ With proposed major agency restructuring, organizational streamlining, and other reforms, good planning may suggest reduced spending for some assets, such as office buildings, and increased spending for others, such as information technology, to increase the productivity of a smaller workforce.

In recent years the Administration and the Congress have reviewed the Federal Government's performance in planning, budgeting, risk management, and the acquisition of capital assets. The reviews indicate that the performance is uneven across the Government; the problems have many causes, and as a result, there is no single solution. However, in meeting the objective of improving the Government's performance, it is essential that the caliber of Government planning and budgeting for capital assets be improved.

Improving Planning, Budgeting, and Acquisition of Capital Assets

Risk Management

Recent Executive Branch reviews have found a recurring theme in many capital asset acquisitions—that risk management should become more central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may have contributed to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. Failure to adopt capital asset requirements that are within the capabilities of the market and budget limitations may also have contributed to these problems. For each major project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems. The proposals in this budget, together with recent legislation enacted by Congress, are designed to help the Government manage better its portfolio of capital assets.

Long-Term Planning and Analysis

Planning and managing capital assets, especially better management of risk, has historically been a low priority for some agencies. Attention focuses on coming-year appropriations, and justifications are often limited to lists of desired projects. The increased use of long-

range planning linked to performance goals required by the Government Performance and Results Act would provide a better basis for justifications. It would increase foresight and improve the odds for cost-effective investments.

A need for better risk management, integrated life-cycle planning, and operation of capital assets at many agencies was evident in the Executive Branch reviews. Research equipment was acquired with inadequate funding for its operation. New medical facilities sometimes were built without funds for maintenance and operation. New information technology sometimes was acquired without planning for associated changes in agency operations.

Congressional concern.—Congress has expressed its concern about planning for capital assets with legislation and other actions that complement Administration efforts to ensure better performance:

- The Government Performance and Results Act of 1993 (GPRA) is designed to help ensure that program objectives are more clearly defined and resources are focused on meeting these objectives.
- The Federal Acquisition Streamlining Act of 1994 (FASA), Title V, requires agencies to improve the management of large acquisitions. Title V requires agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets. As a result of improved planning efforts, agencies are required to establish cost, schedule, and performance goals that have a high probability of successful achievement. For projects that are not achieving 90 percent of original goals, agencies are required to discuss corrective actions taken or planned to bring the project within goals. If they cannot be brought within goals, agencies should identify how and why the goals should be revised, whether the project is still cost beneficial and justified for continued funding, or whether the project should be canceled.
- The Clinger-Cohen Act of 1996 is designed to ensure that information technology acquisitions support agency missions developed pursuant to GPRA. The Clinger-Cohen Act also requires a performance-based planning, budgeting, and management approach to the acquisition of capital assets.
- The General Accounting Office published a study, *Budget Issues: Budgeting for Federal Capital* (November 1996), written in response to a congressional request, which recommended that the Office of Management and Budget (OMB) continue its focus on capital assets.

Administration concern.—Since 1994, the Administration has devoted particular attention to improving the process of planning, budgeting, and acquiring capital assets. After seeking out and analyzing the problems, which differed from agency to agency, OMB issued guidance on this issue in 1994. This guidance has been

¹This is almost the same as the definition in Part I of this chapter for spending for direct Federal construction and rehabilitation, major equipment, and purchase of land, except that capital assets excludes grants to private groups for these purposes (e.g., grants to universities for research equipment and grants to AMTRAK). A more complete definition can be found in the glossary to the "Principles of Budgeting for Capital Asset Acquisitions," which is at the end of this Part.

issued for several years, most recently as OMB Circular A-11: Part 3: "Planning, Budgeting, and Acquisition of Capital Assets" (July 1999) (hereafter referred to as Part 3). Part 3 identified other OMB guidance on this issue.²

Part 3 requests agencies to approach planning for capital assets in the context of strategic plans to carry out their missions, and to consider alternative methods of meeting their goals. Systematic analysis of the full life-cycle expected costs and benefits is required, along with risk analysis and assessment of alternative means of acquiring assets. The Administration proposes to make agencies responsible for using good capital programming principles for managing the capital assets they use, and to work throughout the coming year to improve agency practices in risk management, planning, budgeting, acquisition, and operation of these assets.

In support of this, in July 1997 OMB issued a *Capital Programming Guide*, a Supplement to Part 3. This Guide was developed by an interagency task force with representation from 14 executive agencies and the General Accounting Office. The Guide's purpose is to provide professionals in the Federal Government a basic reference on capital assets management principles to assist them in planning, budgeting, acquiring, and managing the asset once in use. The Guide emphasizes risk management and the importance of analyzing capital assets as a portfolio. In addition, other recent actions by the Administration include:

- OMB memorandum 97-02, "Funding Information Systems Investments" (October 25, 1996) was issued to establish clear and concise decision criteria regarding investments in major information technology investments. This guidance is now part OMB Circular A-11.
- As part of this budget, the Administration is:
 - requesting full funding in regular or advance appropriations for new capital projects and for many capital projects formerly funded incrementally. These requests are shown in Table 6-5 and discussed in the accompanying text.
 - reissuing the "Principles of Budgeting for Capital Asset Acquisitions," which appear at the end of this Part. These principles offer guidelines to agencies to help carry out better planning, anal-

ysis, risk management, and budgeting for capital asset acquisitions.

From Planning to Budgeting

Long-range agency plans should channel fully justified budget-year and out-year capital acquisition proposals into the budget process. Agencies were asked to submit projections of both budget authority and outlays for high-priority capital asset proposals not only for the budget year but for the four subsequent years through 2005 as well. In addition, agency-specific capital asset issues were highlighted in the agency reviews.

Attention was given to whether the "lumpiness" of some capital assets—large one-year temporary increases in funding—disadvantaged them in the budget review process. In some cases, agencies aggregate capital asset acquisitions into budget accounts containing only such acquisitions; such accounts tend to smooth out year-to-year changes in budget authority and outlays and avoid crowding other expenditures. In other cases, agencies or program managers do not hesitate to request "spikes" in spending for asset acquisitions, and the review process accommodates them. But some agencies go out of their way to avoid such spikes, and some agencies have trouble accommodating them. Part 3 encouraged agencies to accommodate justified spikes in their own internal reviews.

Full funding of capital assets.—Good budgeting requires that appropriations for the full costs of asset acquisition be provided up front to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. Full funding was endorsed by the General Accounting Office in its report, *Budgeting for Federal Capital* (November 1996). This rule is followed for most Department of Defense procurement and construction programs and for General Services Administration buildings. In other areas, however, too often it is not. When it is not followed and capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor risk management, weak planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, and inadequate funding to maintain and operate the assets. Full funding is also an important element in managing large acquisitions effectively and holding management responsible for achieving goals. As noted at the beginning of this chapter, the *Report of the President's Commission to Study Capital Budgeting* endorsed full funding of capital assets.

This budget requests full funding with regular or advance appropriations for new capital projects and for many capital projects funded incrementally in the past. Projects that might have been funded in increments in past years and are fully funded in this budget are identified below in Table 6-5 and discussed in the accompanying text. Efforts continue to include full funding for new capital projects, or at least economically

²Other guidance published by OMB with participation by other agencies includes: (1) OMB Circular No. A-109, *Major System Acquisitions*, which establishes policies for planning major systems that are generally applicable to capital asset acquisitions. (2) OMB Circular No. A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*, which provides guidance on benefit-cost, cost-effectiveness, and lease-purchase analysis to be used by agencies in evaluating Federal activities including capital asset acquisition. It includes guidelines on the discount rate to use in evaluating future benefits and costs, the measurement of benefits and costs, the treatment of uncertainty, and other issues. This guidance must be followed in all analyses in support of legislative and budget programs. (3) Executive Order No. 12893, "Principles for Federal Infrastructure Investments," which provides principles for the systematic economic analysis of infrastructure investments and their management. (4) OMB Bulletin No. 94-16, Guidance on Executive Order No. 12893, "Principles for Federal Infrastructure Investments," which provides guidance for implementing this order and appends the order itself. (5) the revision of OMB Circular A-130, *Management of Federal Information Resources* (February 20, 1996), which provides principles for internal management and planning practices for information systems and technology (a further revision is currently under review); and (6) OMB Circular No. A-127, *Financial Management Systems*, which prescribes policies and standards for executive departments and agencies to follow in developing, evaluating, and reporting on financial management systems.

and programmatically viable segments (or modules) of new projects.

Other budgeting issues.—Other budgeting decisions can also aid in acquiring capital assets. Availability of funds for one year often may not be enough time to complete the acquisition process. Most agencies request that funds be available for more than one year to complete acquisitions efficiently, and Part 3 encourages this. As noted, many agencies aggregate asset acquisition in budget accounts to avoid lumpiness. In some cases, these are revolving funds that “rent” the assets to the agency’s programs.

To promote better program performance, agencies are also being encouraged by OMB to examine their budget account structures to align them better with program outputs and outcomes and to charge the appropriate account with significant costs used to achieve these results. The asset acquisition rental accounts, mentioned above, would contribute to this. Budgeting this way would provide information and incentives for better resource allocation among programs and a continual search for better ways to deliver services. It would also provide incentives for efficient capital asset acquisition and management.

Acquisition of Capital Assets

Improved planning, budgeting, and acquisition strategies are necessary to increase the ability of agencies to acquire capital assets within, or close to, the original estimates of cost, schedule, and performance used to justify project budgets and to maintain budget discipline. The Administration initiative along with enactment of FASA (Title V) and the Clinger-Cohen Act require agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets.

OMB, working with the agencies over the last several years, began separate but related efforts to develop an integrated management approach that employs performance based acquisition management as part of a disciplined capital programming process. The Administration also wants the capital asset acquisition goals incorporated into the annual performance plan called for by GPRA so that a unified picture of agency management activities is presented and acquisition performance goals are linked to the achievement of program and policy goals. This integrated approach will not only eliminate duplication in reporting agency actions but, most importantly, will foster more effective implementation of performance-based acquisition management.

One of the first efforts was the issuance of OMB Circular A-11, Part 3, “Planning, Budgeting and Acquisition of Capital Assets,” in July 1996. Part 3 has been reissued annually since then. The *Capital Programming Guide* was issued as a Supplement to Part 3 in June 1997. These documents present unified guidance on planning, budgeting, acquisition, and management of capital assets. They also present unified guidance designed to coordinate the collection of agency information for reports to the Congress required by FASA Title V. Part 3 for this year asked agencies to report on

all major acquisitions and provide information on the extent of planning and risk mitigation efforts accomplished for new projects to ensure a high probability that the cost, schedule and performance goals established will be successfully achieved. For ongoing projects agencies are to provide information on the achievement of, or deviation from, goals. For projects that are not achieving 90 percent of original goals, agencies are required to discuss corrective actions taken, or contemplated, to bring the project within goals. If the project cannot be brought within goals, agencies should explain how and why the goals should be revised and whether the project is still cost beneficial and justifies continued funding, or whether the project should be canceled. Approved acquisition goals submitted with the 2001 budget are the baseline goals for all future monitoring of project progress for both management purposes and reporting to Congress as required by FASA Title V. This more disciplined capital management approach is new to many agencies, and some agencies were not yet able to provide all the required information for all major acquisitions for this year. OMB expects that agencies will be able to meet the requirements for next year’s budget.

Part 3 incorporates OMB memorandum 97-02, “Funding Information Systems Investments” (October 25, 1996), which was issued to establish clear and concise decision criteria regarding investments in major information technology investments. These policy documents establish the general presumption that OMB will recommend new or continued funding only for those major investments in assets that comply with good capital programming principles.

At the Appendix to this Part are the “Principles of Budgeting for Capital Asset Acquisitions,” which incorporate the above criteria and expand coverage to all capital investments. The Administration recognizes that many agencies are in the middle of projects initiated prior to enactment of the Clinger-Cohen Act and FASA Title V, and may not be able to satisfy the criteria immediately. For those systems that do not satisfy the criteria, the Administration considered requests to use 2000 and 2001 funds to support reevaluation and re-planning of the project as necessary to achieve compliance with the criteria or to determine that the project would not meet the criteria and should be canceled.

As a result of these two initiatives, capital asset acquisitions are to have baseline cost, schedule, and performance goals for future tracking purposes or they are to be either reevaluated and changed or canceled if no longer cost beneficial.

Outlook

The effort to improve planning and budgeting for capital assets will continue in 2000 and 2001.

- The Administration will work with the Congress to increase the number of projects that are fully funded with regular or advance appropriations.
- OMB will be working with congressional committees, the President’s Management Council, the Chief Financial Officers Council, the Chief Infor-

mation Officers Council, the Procurement Executives Council, and other groups to help agencies with their responsibility for capital assets through the alignment of budgetary resources with program results. OMB will also work with these groups to implement the “Principles of Budgeting for Capital Asset Acquisitions,” which are shown as an Appendix to this Part.

- Interagency working groups will be established to address: (1) program manager qualification standards; (2) enhanced systems of incentives to encourage excellence in the acquisition workforce; and (3) government-wide implementation of performance-based management systems (e.g., earned value or similar systems) to monitor achievement or deviation from goals of in-process acquisitions.
- In the review process, proposals for the acquisition of capital assets and related issues of lumpiness or “spikes” will continue to receive special attention. Agencies will be encouraged to give the same special attention to future asset acquisition proposals.
- To ensure that the full costs and benefits of all budget proposals are fully taken into account in allocating resources, agencies will be required to propose full funding for acquisitions in their budget requests.

Major Acquisition Proposals

For the definition of major capital assets described above, this budget requests \$86.0 billion of budget authority for 2001. This includes \$63.8 billion for the Department of Defense and \$22.2 billion for other agencies. The major requests are shown in the accompanying Table 6-4: “Capital Asset Acquisitions,” which distributes the funds according to the categories for construction and rehabilitation, major equipment, and purchases of land and structures.

Construction and Rehabilitation

This budget includes \$17.0 billion of budget authority for 2001 for construction and rehabilitation.

Department of Defense.—The budget requests \$3.9 billion for 2001 for general construction on military bases and family housing. This funding will be used to:

- support the fielding of new systems;
- enhance operational readiness, including deployment and support of military forces;
- provide housing for military personnel and their families;
- implement base closure and realignment actions; and
- correct safety deficiencies and environmental problems.

Corps of Engineers.—This budget requests \$3.4 billion for 2001 for construction and rehabilitation for the Corps of Engineers. These funds finance construction, rehabilitation, and related activity for water resources development projects that provide navigation, flood control, environmental restoration, and other benefits.

Table 6-4. CAPITAL ASSET ACQUISITIONS

(Budget authority in billions of dollars)

| | 1999 actual | 2000 estimate | 2001 proposed |
|--|----------------|------------------|------------------|
| MAJOR ACQUISITIONS | | | |
| Construction and rehabilitation: | | | |
| Defense military construction and family housing | 4.3 | 4.8 | 3.9 |
| Corps of Engineers | 2.7 | 2.7 | 3.4 |
| General Services Administration | 1.5 | 0.8 | 1.5 |
| Department of Energy | 1.2 | 1.1 | 1.2 |
| Other agencies | 7.8 | 6.4 | 7.0 |
| Subtotal, construction and rehabilitation | 17.4 | 15.8 | 17.0 |
| Major equipment: | | | |
| Department of Defense | 51.0 | 54.2 | 59.9 |
| Department of Transportation | 2.5 | 2.2 | 2.8 |
| General Services Administration | 0.6 | 0.6 | 0.7 |
| Department of Justice | 0.4 | 0.6 | 0.6 |
| NASA | 0.7 | 0.6 | 0.6 |
| Department of Commerce | 0.6 | 0.6 | 0.6 |
| Department of Veterans Affairs | 0.3 | 0.6 | 0.6 |
| Other agencies | 2.7 | 2.2 | 2.5 |
| Subtotal, major equipment | 58.8 | 61.6 | 68.4 |
| Purchases of land and structures | 0.6 | 0.9 | 0.7 |
| Total, major acquisitions ² | 76.9 | 78.3 | 86.0 |

¹ Does not include \$0.4 billion of non-equipment expenditures related to procurement for 2001. The 2001 request for total Procurement for the Department of Defense is \$60.3 billion.

² This total is derived from the direct Federal major public physical investment budget authority on Table 6-3 (\$89.1 billion for 2001). Table 6-4 excludes an estimate of spending for assets not owned by the Federal Government (\$3.1 billion for 2001).

General Services Administration (GSA).—The 2001 budget includes \$1.5 billion in budget authority for GSA for the construction or major renovation of buildings. These funds will allow for new construction and the acquisition of courthouses, border stations, and general purpose office space in locations where long-term needs show that ownership is preferable to leasing.

Department of Energy.—This budget requests \$1.2 billion for 2001 for construction and rehabilitation for the Department of Energy. One of the largest projects is the National Ignition Facility, which will be used to perform experiments, including inertial confinement fusion experiments, at high pressures and temperatures. The Spallation Neutron Source is discussed in the text that accompanies Table 6-5.

Other agencies.—This budget includes \$7.0 billion for construction and rehabilitation for other agencies in 2001. The largest items are for the Postal Service (\$1.0 billion); the Department of the Interior (\$1.0 billion), largely for the Bureau of Indian Affairs, water resources, and parks; and the Department of Justice (\$0.8 billion), mostly for prisons.

Major Equipment

This category covers capital purchases for major equipment, including weapons systems; information technology, such as computer hardware, major software, and renovations required for this equipment; and other types of equipment. This budget requests \$68.4 billion in budget authority for 2001 for the purchase of major equipment. For information on information technology investments, see Chapter 23 in this volume, “Program

Performance Benefits from Major Information Technology Investments.”

Department of Defense.—The budget includes \$59.9 billion for equipment purchases and \$0.4 billion for non-equipment purchases related to procurement for 2001 of weapons systems, related support equipment, and purchase of other capital goods. This includes tactical fighter aircraft, airlift aircraft, naval vessels, tanks, helicopters, missiles, and vehicles.

Department of Transportation.—The budget requests \$2.8 billion in budget authority for the Department of Transportation for major equipment, which includes \$2.4 billion to modernize the air traffic control system and \$0.3 billion for the Coast Guard to acquire vessels and other equipment. Requests for advance appropriations for the air traffic control system in the Federal Aviation Administration are discussed with Table 6–5.

Department of Justice.—The budget requests \$0.6 billion for the Department of Justice, largely for the Federal Bureau of Investigation and the Drug Enforcement Administration.

National Aeronautics and Space Administration (NASA).—The budget requests \$0.6 billion in budget authority to procure major equipment for programs in human space flight, science, aeronautics, and technology. Most of the equipment is to be acquired for Space Shuttle upgrades, such as orbiter improvements, Space Shuttle main engines, solid rocket booster improvements, and launch site equipment.

Department of Commerce.—The budget requests \$0.6 billion for the Department of Commerce, largely for the continued acquisition of more sophisticated and advanced weather satellites and related technology.

Department of Veterans Affairs.—This budget requests \$0.6 billion for medical equipment for health care facilities. These funds will be used to continue to provide quality health care services for veterans.

Other agencies.—This budget requests \$2.5 billion for major equipment for other agencies for 2001. The largest amount is for the Postal Service (\$0.8 billion). Other agencies include the General Services Administration (\$0.7 billion), largely for vehicles; and the Department of Energy (\$0.5 billion) for science and other projects.

Purchase and Sale of Land and Structures

This budget includes \$0.7 billion for 2001 for the purchase of land and structures. This includes \$0.4 billion for purchases by the Department of the Interior for parks and other recreational purposes.

Full Funding of Major Projects

This budget proposes full funding for new capital projects and for many projects formerly funded incrementally. The requests for advance appropriations shown in Table 6–5 demonstrate the Administration’s continuing support for full funding of capital investments.

The importance of full funding was discussed earlier in this Part and is also explained in the “Principles of Budgeting for Capital Asset Acquisitions,” which appears as an Appendix to this Part. Full funding was

also supported by the *Report of the President’s Commission to Study Capital Budgeting*, as noted at the beginning of this chapter.

This budget requests \$5.9 billion in budget authority for 2001 and \$22.9 billion in advance appropriations for later years, for a total request of \$28.8 billion for these projects for these years.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA).—This budget requests \$635 million for 2001 and \$6,417 million in advance appropriations for capital asset acquisitions in NOAA for 2002–2019.

These acquisitions support the largest modernization in the history of the National Weather Service. The modernization is well underway and demonstrating improvements in weather forecasts and warnings that lead to lives and property saved. The budget supports this multi-year effort to develop and deploy advanced technology, including advanced radar equipment, other ground observing systems, and geostationary and polar-orbiting satellites that will greatly improve the timeliness and accuracy of severe weather and flood warnings while reducing staffing requirements.

Department of Defense

This budget requests \$821 million in advance appropriations for 2002–2005 to fully fund selected military construction and family housing projects in the Department of Defense. The budget requests \$414 million for these projects in 2001.

Department of Energy

This budget requests \$281 million in 2001 and \$797 million in advance appropriations to finance the Spallation Neutron Source (SNS). This facility is being built at Oak Ridge National Laboratory in Tennessee and will deliver the world’s highest power neutron pulse to a suite of “best of class” scientific instruments. Neutron scattering and materials irradiation research helps scientists design higher performing electronic, magnetic, ceramic, and plastic materials and design better pharmaceuticals by providing information about the shapes of biological molecules.

Department of Health and Human Services

This budget requests \$259 million for 2001 in regular appropriations and \$109 million in advance appropriations for projects in the Department of Health and Human Services for the Food and Drug Administration, the Indian Health Service, the Centers for Disease Control and Prevention, and the National Institutes of Health. The funds will allow for the construction of new facilities and improvements to existing facilities.

Department of the Interior

National Park Service.—This budget requests \$20 million in budget authority for 2001 and \$49 million in advance appropriations for 2002–2004 to fully fund projects in the National Park Service.

Table 6-5. PROPOSED SPENDING TO FULLY FUND SELECTED CAPITAL ASSET ACQUISITIONS

(Budget authority in millions of dollars)

| | Regular appropriations 2001 | Advance appropriations | | | | | Total Advance Appropriations |
|---|-----------------------------|------------------------|--------------|--------------|--------------|--------------|------------------------------|
| | | 2002 | 2003 | 2004 | 2005 | After 2005 | |
| DEPARTMENT OF COMMERCE | | | | | | | |
| National Oceanic and Atmospheric Administration Procurement, acquisition and construction | 635 | 732 | 705 | 706 | 657 | 3,617 | 6,417 |
| DEPARTMENT OF DEFENSE | | | | | | | |
| Military construction and family housing | 414 | 510 | 231 | 61 | 19 | | 821 |
| DEPARTMENT OF ENERGY | | | | | | | |
| Science programs | 281 | 300 | 232 | 150 | 115 | | 797 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| Food and Drug Administration | 20 | 23 | | | | | 23 |
| Indian Health Service | 65 | 18 | | | | | 18 |
| Centers for Disease Control and Prevention | 127 | 21 | 21 | | | | 42 |
| National Institutes of Health | 47 | 26 | | | | | 26 |
| Subtotal, Department of Health and Human Services | 259 | 88 | 21 | | | | 109 |
| DEPARTMENT OF THE INTERIOR | | | | | | | |
| National Park Service: Construction and major maintenance | 20 | 21 | 17 | 11 | | | 49 |
| DEPARTMENT OF JUSTICE | | | | | | | |
| Federal Prison System buildings and facilities | 713 | 791 | 535 | | | | 1,326 |
| DEPARTMENT OF STATE | | | | | | | |
| Embassy security, construction, and maintenance | 500 | 650 | 800 | 950 | 950 | | 3,350 |
| DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Federal Aviation Administration: Facilities and equipment | 622 | 638 | 590 | 565 | 537 | 614 | 2,944 |
| DEPARTMENT OF THE TREASURY | | | | | | | |
| Internal Revenue Service: Information technology investments | 119 | 375 | | | | | 375 |
| DEFENSE CIVILIAN PROGRAMS | | | | | | | |
| Armed forces retirement home | 8 | 6 | | | | | 6 |
| GENERAL SERVICES ADMINISTRATION | | | | | | | |
| Federal buildings fund | 101 | 219 | 163 | 96 | | | 478 |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | | | |
| Human space flight | 2,115 | 1,859 | 1,452 | 1,327 | 1,275 | | 5,913 |
| NATIONAL SCIENCE FOUNDATION | | | | | | | |
| Major research equipment | 119 | 144 | 58 | 50 | 14 | | 266 |
| SMITHSONIAN INSTITUTION | | | | | | | |
| Repair, restoration, and alteration of facilities | 17 | 17 | 18 | | | | 35 |
| Construction | 2 | 2 | | | | | 2 |
| Subtotal, Smithsonian Institution | 19 | 19 | 18 | | | | 37 |
| Total | 5,925 | 6,352 | 4,822 | 3,916 | 3,567 | 4,231 | 22,888 |

Note: For these capital projects, budget authority for the project is requested partly in the budget year and partly in future years in advance appropriations.

Department of Justice

This budget requests \$713 million in 2001 and advanced appropriations of \$791 million in 2002 and \$535 million in 2003 for the Federal Prison System to support a multi-year prison construction program aimed at reversing worsening overcrowding in Federal facilities.

Department of State

This budget requests \$500 million in regular appropriations in 2001 and \$3,350 million in advance appropriations for 2002–2005 for embassy and consulate construction. This request would support a program to provide a sustained, increasing funding path to meet overseas facility security needs.

Department of Transportation

Federal Aviation Administration.—This budget requests \$622 million in 2001 and an additional \$2,944 million for 2002–2008 for 11 multi-year capital projects to improve and modernize the FAA's air traffic control, communications, and aviation weather information systems. These projects are: Aviation Weather Services Improvements, Terminal Digital Radar, Terminal Automation (STARS), Wide Area Augmentation System for GPS, Display System Replacement, Weather and Radar Processor, Voice Switching and Control System, Oceanic Automation, Aeronautical Data Link, Operational and Supportability Implementation System (OASIS), and Beacon Interrogation Replacement.

Department of the Treasury

Internal Revenue Service (IRS).—This budget requests \$119 million in 2001 and \$375 million in advance appropriations for 2002 to finance information technology investments. The IRS and the Treasury Department are significantly modifying the business plans for modernizing the IRS tax administration and systems by focusing on reengineering work processes and exploring private sector technology opportunities. These efforts will ensure that future capital investments by the IRS will improve customer service by providing alternative means of filing returns and paying taxes, improve telephone service for taxpayers; and give employees immediate access to complete information and modern tools to do their jobs.

Defense Civilian Programs

Armed Forces Retirement Home. This request for \$8 million in regular appropriations in 2001 and \$6 million in 2002 in advance appropriations will allow for construction of a 110-bed health care addition to the Naval home in Gulfport, Mississippi.

General Services Administration

This budget requests \$101 million for 2001 and \$478 million in advance appropriations for 2002–2004. The Budget requests \$219 million in advance appropriations for 2002, including \$185 million for the construction of new laboratory and office space for the Food and Drug Administration's Center for Devices and Radiological Health in White Oak, Maryland, and \$34 million for construction of a new office building to replace the deteriorating National Oceanic and Atmospheric Administration building in Suitland, Maryland. In addition, advance appropriations of \$163 million in 2003 and \$96 million in 2004 are provided for the FDA consolidation project in White Oak, MD.

National Aeronautics and Space Administration (NASA)

Human Space Flight (International Space Station).—This budget requests \$2,115 million in budget authority for 2001, and \$5,913 million in advance appropriations over the years 2002–2005 for the space station. This will be an international laboratory in low earth orbit on which American, Russian, Canadian, European, and Japanese astronauts will conduct unique scientific and technological investigations in a microgravity environment. During 1993 the program underwent a major redesign to reduce program costs. The first two launches beginning construction of the Station took place in 1998 and final assembly will be complete by 2005. Advance appropriations will enable NASA to complete the development program on schedule and at minimal total cost.

National Science Foundation (NSF)

This budget requests \$119 million in 2001 and \$266 million in advance appropriations for 2002–2005 for five NSF projects.

The Large Hadron Collider will be the largest particle accelerator in the world and will be owned and operated by the European Laboratory for Particle Physics (CERN). NSF is collaborating with the Department of Energy in the development of detectors for the project.

The Network for Earthquake Engineering Simulation is a network to connect and integrate a distributed collection of earthquake engineering facilities that will facilitate the future replacement of mechanical earthquake simulation with model-based computer simulation.

The Terascale Computing System will provide two sites in the United States with supercomputer capability of at least 10 teraflops that will be available for use by U.S. researchers through a merit-based, competitive process.

Earthscope: SAFOD/U.S. Array is an array of seismic instruments that will be displayed at depth in the San Andreas fault and on the surface throughout the United States to greatly improve resolution of subsurface and fault structure.

The National Ecological Observatory Network is a pole-to-pole network of research sites with state-of-the-art platforms and equipment to enable ecological and biocomplexity research.

Smithsonian Institution

The budget requests \$19 million in budget authority in 2001 and \$37 million in advance appropriations for 2002–2003 primarily for the major capital renewal of the Patent Office Building. This building houses the Smithsonian's Museum of American Art and the National Portrait Gallery.

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

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. A Glossary describes key terms. A *Capital Programming Guide* has been published that provides detailed information on planning and acquisition of capital assets.

The principles are organized in the following four sections:

A. *Planning*. This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

B. *Costs and Benefits*. This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system or similar system.

C. *Principles of Financing*. This section stresses that useful segments are to be fully funded with regular or advance appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.

D. *Risk Management*. This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government. In addition cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system or a similar system; and if progress toward these goals is not met there is a formal review process to evaluate whether the acquisition should continue or be terminated.

A Glossary defines key terms, including capital assets. As defined here, capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government,

including weapon systems. Not included are grants to States or others for their acquisition of capital assets.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. support core/priority mission functions that need to be performed by the Federal Government;
2. be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;
3. support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;
4. demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the project's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
5. for information technology investments, be consistent with Federal, agency, and bureau information architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals; reflect the agency's technology vision and compliance plan for this budget year; and specify standards that enable information exchange and resource sharing, while retaining flexibility in the choice of suppliers and in the design of local work processes;
6. reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project from the program officials who will use the system;
7. be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and

8. employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

Prototypes require the same justification as other capital assets.

As a general presumption, the Administration will recommend new or continued funding only for those capital asset investments that satisfy good capital programming policies. Funding for those projects will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time. (For more information, see the Glossary entry, "capital project and useful segments of a capital project.")

The Administration recognizes that many agencies are in the middle of ongoing projects, and they may not be able immediately to satisfy the criteria. For those projects that do not satisfy the criteria, OMB will consider requests to use 2000 and 2001 funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the project. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and, if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the project, to provide the basis for fully funding the project to completion, and setting the baseline for management accountability to deliver the project within goals.

Because the Administration considers this information essential to agencies' long-term success, the Administration will use this information both in preparing

its budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and Benefits

The justification of the project should evaluate and discuss the extent to which the project meets the above criteria and should also include:

1. an analysis of the project's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A-94: "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs" (October 1992);
2. an analysis of the risk of the project including how risks will be isolated, minimized, monitored, and controlled, and, for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed goals;
3. if, after the planning phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified—that is, it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and
4. show cost, schedule, and performance goals for the project (or the useful segment being proposed) that can be measured throughout the acquisition process using an earned value management system or similar system. Earned value is described in OMB Circular A-11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets," (July 1999), Appendix 300C.

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the

capital project, and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular and Advance Appropriations

Regular appropriations for the full funding of a capital project or a useful segment of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, a combination of regular and advance appropriations that together provide full

funding for a capital project or a useful segment should be proposed in the budget.

Explanation: Principle 1 (Full Funding) is met as long as a combination of regular and advance appropriations provide budget authority sufficient to complete the capital project or useful segment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

If, however, the lumpiness caused by regular appropriations cannot be accommodated within an agency or Appropriations Subcommittee, advance appropriations can ameliorate that problem while still providing that all of the budget authority is enacted in advance for the capital project or useful segment. The latter helps ensure that agencies develop appropriate plans and budgets and that all costs and benefits are identified prior to providing resources. In addition, amounts of advance appropriations can be matched to funding requirements for completing natural components of the useful segment. Advance appropriations have the same benefits as regular appropriations for improved planning, management, and accountability of the project.

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project, develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the project itself. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement.

If budget authority for planning segments and procurement of the useful asset are enacted together, the Administration may wish to apportion budget authority

for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of Lumpiness or “Spikes” and Separate Capital Acquisition Accounts

To accommodate lumpiness or “spikes” in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency’s total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses; and with a capital acquisition account, it can be seen that an increase in operating expenses is not being hidden and attributed to one-time asset purchases;
- reduce the pressure for capital spikes to crowd out operating expenses; and
- improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The project cost, schedule and performance goals established through the planning phase of the project are the basis for approval to procure the asset and the basis for assessing risk. During the procurement phase performance-based management systems (earned value or similar system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the project and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for

increased funding to the Congress, or termination of the project, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

1. having budget authority appropriated in separate capital asset acquisition accounts;
2. apportioning budget authority for a useful segment;
3. establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;
4. selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;
5. monitoring cost, schedule, and performance goals for the project (or the useful segment being proposed) using an earned value management system or similar system. Earned value is described in OMB Circular A-11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets" (July 1999), Appendix 300C; and
6. if progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, institute senior management review of the project through portfolio analysis to determine the continued viability of the project with modifications, or the termination of the project, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

E. Glossary

Appropriations

An appropriation provides budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations: These appropriations are:

- enacted normally in the current year;
- scored entirely in the budget year; and
- available for obligation in the budget year and subsequent years if specified in the language. (See "Availability," below.)

Advance appropriations: Advance appropriations may be accompanied by regular annual appropriations to provide funds available for obligation in the budget year as well as subsequent years. Advance appropriations are:

- enacted normally in the current year;

- scored after the budget year (e.g., in each of one, two, or more later years, depending on the language); and
- available for obligation in the year scored and subsequent years if specified in the language. (See "Availability," below.)

Availability: Appropriations made in appropriations acts are available for obligation only in the budget year unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

Capital Assets

Capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government and have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption such as operating materials and supplies. The cost of a capital asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its intended use.

Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease, regardless of whether title has passed to the Federal Government; through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets include leasehold improvements and land rights; assets owned by the Federal Government but located in a foreign country or held by others (such as Federal contractors, state and local governments, or colleges and universities); and assets whose ownership is shared by the Federal Government with other entities. Capital assets include not only the assets as initially acquired but also additions; improvements; replacements; rearrangements and re-installations; and major repairs but not ordinary repairs and maintenance.

Examples of capital assets include the following, but are not limited to them: office buildings, hospitals, laboratories, schools, and prisons; dams, power plants, and water resources projects; furniture, elevators, and printing presses; motor vehicles, airplanes, and ships; satellites and space exploration equipment; information technology hardware and software; and Department of Defense weapons systems. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Examples of capital assets not capitalized are Department of Defense weapons systems, heritage assets, stewardship land, and some software. Capital assets do not include grants for acquiring capital assets made to State and

local governments or other entities (such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK). Capital assets also do not include intangible assets such as the knowledge resulting from research and development or the human capital resulting from education and training, although capital assets do include land, structures, equipment, and intellectual property (including software) that the Federal Government uses in research and development and education and training.

Capital Project and Useful Segments of a Capital Project

The total capital project, or acquisition of a capital asset, includes useful segments that are either planning segments or useful assets.

Planning segments: A planning segment of a capital project provides information that allows the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and performance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype may itself be one segment or may be divisible into more than one segment. Because of uncertainty regarding the identification of separate planning segments for research and development activities, the application of full funding concepts to research and development planning will need more study.

Useful asset: A useful asset is an economically and programmatically separate segment of the asset procurement stage of the capital project that provides an asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements in this way. Illustrations follow:

Illustration 1: If the construction of a building meets the justification criteria and has benefits greater than its costs without further investment, then the construction of that building is a “useful segment.” Excavation is not a useful segment because no useful asset results from the excavation alone if no further funding becomes available. For a campus of several buildings, a useful segment is one complete building if that building has programmatic benefits that exceed its costs regardless of whether the other buildings are constructed, even though that building may not be at its maximum use.

Illustration 2: If the full acquisition is for several items (e.g., aircraft), the useful segment would be the number of complete aircraft required to achieve benefits that exceed costs even if no further funding becomes available. In contrast, some portion of several aircraft (e.g., engines for five aircraft) would not be a useful

segment if no further funding is available, nor would one aircraft be a useful segment if two or more are required for benefits to exceed costs.

Illustration 3: For information technology, a module (the information technology equivalent of “useful segment”) is separable if it is useful in itself without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules if future funding becomes available.

Earned Value

Earned value refers to a performance-based management system for establishing baseline cost, schedule, and performance goals for a capital project and measuring progress against the goals. Earned value is described in OMB Circular A-11, Part 3, “Planning, Budgeting and Acquisition of Capital Assets” (July 1999), Appendix 300C.

Funding

Full funding: Full funding means that appropriations—regular appropriations or advance appropriations—are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment. Full funding for an entire capital project is required if the project cannot be divided into more than one useful segment. If the asset can be divided into more than one useful segment, full funding for a project may be desirable, but is not required to constitute full funding.

Incremental (partial) funding: Incremental (partial) funding means that appropriations—regular appropriations or advance appropriations—are enacted for just part of a useful segment of a capital project, if the project has useful segments, or for part of the capital project as a whole, if it is not divisible into useful segments. Under incremental funding for a capital asset, which is not permitted under these principles, the funds could be obligated to start the segment (or project) despite the fact that they are insufficient to complete a useful segment or project.

Risk Management

Risk management is an organized method of identifying and measuring risk and developing, selecting, and managing options for handling these risks. Before beginning any procurement, managers should review and revise as needed the acquisition plan to ensure that risk management techniques considered in the planning phase are still appropriate.

There are three key principles for managing risk when procuring capital assets: (1) avoiding or limiting the amount of development work; (2) making effective use of competition and financial incentives; and (3) establishing a performance-based acquisition management system that provides for accountability for program successes and failures, such as an earned value system or similar system.

There are several types of risk an agency should consider as part of risk management. The types of risk include:

- schedule risk;
- cost risk;
- technical feasibility;
- risk of technical obsolescence;

- dependencies between a new project and other projects or systems (e.g., closed architectures); and
- risk of creating a monopoly for future procurement.

Part III: FEDERALLY FINANCED CAPITAL STOCKS

Federal investment spending creates a “stock” of capital that is available in the future for productive use. Each year, Federal investment outlays add to the stock of capital. At the same time, however, wear and tear and obsolescence reduce it. This section presents very rough measures over time of three different kinds of capital stocks financed by the Federal Government: public physical capital, research and development (R&D), and education.

Federal spending for physical assets adds to the Nation’s capital stock of tangible assets, such as roads, buildings, and aircraft carriers. These assets deliver a flow of services over their lifetime. The capital depreciates as the asset ages, wears out, is accidentally damaged, or becomes obsolete.

Federal spending for the conduct of research, development, and education adds to an “intangible” asset, the Nation’s stock of knowledge. Although financed by the Federal Government, the research and development or education can be performed by Federal or State government laboratories, universities and other nonprofit organizations, or private industry. Research and development covers a wide range of activities, from the investigation of subatomic particles to the exploration of outer space; it can be “basic” research without particular applications in mind, or it can have a highly specific practical use. Similarly, education includes a wide variety of programs, assisting people of all ages beginning with pre-school education and extending through graduate studies and adult education. Like physical assets, the capital stocks of R&D and education provide services over a number of years and depreciate as they become outdated.

For this analysis, physical and R&D capital stocks are estimated using the perpetual inventory method. In this method, the estimates are based on the sum of net investment in prior years. Each year’s Federal outlays are treated as gross investment, adding to the capital stock; depreciation reduces the capital stock. Gross investment less depreciation is net investment. A limitation of the perpetual inventory method is that investment spending may not accurately measure the value of the asset created. However, alternative methods for measuring asset value, such as direct surveys of current market worth or indirect estimation based on an expected rate of return, are especially difficult to apply to assets that do not have a private market, such as highways or weapons systems.

In contrast to physical and R&D stocks, the estimate of the education stock is based on the replacement cost method. Data on the total years of education of the U.S. population are combined with data on the cost of education and the Federal share of education spend-

ing to yield the cost of replacing the Federal share of the Nation’s stock of education.

Additional detail about the methods used to estimate capital stocks appears in a methodological note at the end of this section. It should be stressed that these estimates are rough approximations, and provide a basis only for making broad generalizations. Errors may arise from uncertainty about the useful lives and depreciation rates of different types of assets, incomplete data for historical outlays, and imprecision in the deflators used to express costs in constant dollars.

The Stock of Physical Capital

This section presents data on stocks of physical capital assets and estimates of the depreciation on these assets.

Trends.—Table 6–6 shows the value of the net federally financed physical capital stock since 1960, in constant fiscal year 1996 dollars.³ After rising in the 1960s, the total stock held constant through the 1970s and began rising again in the early 1980s. The stock amounted to \$2,013 billion in 1999 and is estimated to increase slightly to \$2,065 billion by 2001. In 1999, the national defense capital stock accounted for \$671 billion, or 33 percent of the total, and nondefense stocks for \$1,342 billion, or 67 percent of the total.

Real stocks of defense and nondefense capital show very different trends. Nondefense stocks have grown consistently since 1970, increasing from \$536 billion in 1970 to \$1,342 billion in 1999. With the investments proposed in the budget, nondefense stocks are estimated to grow to \$1,417 billion in 2001. During the 1970s, the nondefense capital stock grew at an average annual rate of 4.3 percent. In the 1980s, however, the growth rate slowed to 2.7 percent annually, with growth continuing at about that rate since then.

Real national defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade, as depreciation from the Vietnam era exceeded new investment in military construction and weapons procurement. Starting in the early 1980s, however, a large defense buildup began to increase the stock of defense capital. By 1987, the defense stock had exceeded its size at the height of the Vietnam War. In the last few years, depreciation on this increased stock and a slower pace of defense investment have begun to reduce the stock from its recent levels. The stock is estimated to fall from \$671 billion in 1999 to \$648 billion in 2001.

³ Constant dollar stock estimates are expressed in chained 1996 dollars, consistent with the October 1999 revisions to the National Income and Product Accounts (NIPAs). The shift to a more recent base year changes the reported level of real stocks, but leaves the year-to-year trends largely the same.

Table 6-6. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL

(In billions of 1996 dollars)

| Fiscal Year | Total | National Defense | Nondefense | | | | | | | | |
|----------------------|-------|------------------|-------------------|------------------------|-----------------|-------|------------------------------------|----------------|------------------------|-------------------|-------|
| | | | Total Non-defense | Direct Federal Capital | | | Capital Financed by Federal Grants | | | | |
| | | | | Total | Water and Power | Other | Total | Transportation | Community and Regional | Natural Resources | Other |
| Five year intervals: | | | | | | | | | | | |
| 1960 | 978 | 682 | 296 | 145 | 89 | 56 | 151 | 93 | 27 | 21 | 10 |
| 1965 | 1,056 | 644 | 412 | 181 | 108 | 72 | 231 | 163 | 33 | 23 | 12 |
| 1970 | 1,200 | 664 | 536 | 205 | 123 | 82 | 331 | 237 | 47 | 27 | 20 |
| 1975 | 1,245 | 587 | 658 | 226 | 139 | 88 | 432 | 291 | 75 | 41 | 25 |
| 1980 | 1,338 | 518 | 820 | 253 | 159 | 94 | 567 | 350 | 116 | 76 | 26 |
| 1985 | 1,550 | 606 | 944 | 278 | 171 | 107 | 666 | 406 | 140 | 96 | 25 |
| 1990 | 1,823 | 756 | 1,068 | 309 | 180 | 129 | 759 | 473 | 151 | 108 | 27 |
| Annual data: | | | | | | | | | | | |
| 1995 | 1,956 | 742 | 1,214 | 347 | 187 | 160 | 867 | 546 | 160 | 117 | 44 |
| 1996 | 1,969 | 721 | 1,248 | 355 | 188 | 168 | 893 | 562 | 163 | 119 | 49 |
| 1997 | 1,982 | 701 | 1,281 | 362 | 187 | 175 | 919 | 578 | 166 | 120 | 54 |
| 1998 | 1,993 | 685 | 1,308 | 364 | 187 | 178 | 944 | 594 | 169 | 121 | 60 |
| 1999 | 2,013 | 671 | 1,342 | 372 | 187 | 185 | 970 | 611 | 171 | 123 | 65 |
| 2000 est. | 2,038 | 658 | 1,380 | 380 | 188 | 192 | 1,000 | 631 | 174 | 124 | 71 |
| 2001 est. | 2,065 | 648 | 1,417 | 387 | 189 | 199 | 1,030 | 651 | 177 | 125 | 77 |

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 49 percent of federally financed non-defense capital was owned by the Federal Government, and 51 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants for highways and other State and local capital, coupled with relatively slow growth in direct Federal investments by agencies such as the Bureau of Reclamation and Corps of Engineers, shifted the composition of the stock substantially. In 1999, 28 percent of the nondefense stock was owned by the Federal Government and 72 percent by State and local governments.

The growth in the stock of physical capital financed by grants has come in several areas. The growth in the stock for transportation is largely grants for highways, including the Interstate Highway System. The growth in community and regional development stocks occurred largely with the enactment of the community development block grant in the early 1970s. The value of this capital stock has grown only slowly in the past few years. The growth in the natural resources area occurred primarily because of construction grants for sewage treatment facilities. The value of this federally financed stock has increased about 30 percent since the mid-1980s.

Table 6-7 shows nondefense physical capital outlays both gross and net of depreciation since 1960. Total nondefense net investment has been consistently positive over the period covered by the table, indicating that new investment has exceeded depreciation on the existing stock. For some categories in the table, such as water and power programs, however, net investment has been negative in some years, indicating that new investment has not been sufficient to offset estimated depreciation. The net investment in this table is the

change in the net nondefense physical capital stock displayed in Table 6-6.

The Stock of Research and Development Capital

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

Trends.—As shown in Table 6-8, the R&D capital stock financed by Federal outlays is estimated to be \$898 billion in 1999 in constant 1996 dollars. About two-fifths is the stock of basic research knowledge; about three-fifths is the stock of applied research and development.

The total federally financed R&D stock in 1999 was about evenly divided between defense and nondefense. Although investment in defense R&D has exceeded that of nondefense R&D in every year since 1981, the non-defense R&D stock is actually the larger of the two, because of the different emphasis on basic research and applied research and development. Defense R&D spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. The stock of applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated. A renewed emphasis on defense R&D spending from 1980 through 1990 led to a more rapid growth of the R&D stock. Since then, real defense R&D outlays have tapered off, depreciation has grown, and, as a result, the net defense R&D stock has stabilized.

The growth of the nondefense R&D stock slowed from the 1970s to the late 1980s, from an annual rate of

Table 6-7. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL INVESTMENT

(In billions of 1996 dollars)

| Fiscal Year | Total nondefense investment | | | Direct Federal investment | | | | | Investment financed by Federal grants | | | | | | | | |
|-----------------------------|-----------------------------|--------------|------|---------------------------|--------------|-----|-------------------------------|-------|---------------------------------------|--------------|------|----------------------------------|------------------------------------|-----------------------------------|-------|--|--|
| | Gross | Depreciation | Net | Gross | Depreciation | Net | Composition of net investment | | Gross | Depreciation | Net | Composition of net investment | | | | | |
| | | | | | | | Water and power | Other | | | | Transportation (mainly highways) | Community and regional development | Natural resources and environment | Other | | |
| Five year intervals: | | | | | | | | | | | | | | | | | |
| 1960 | 26.6 | 5.7 | 21.0 | 9.8 | 3.3 | 6.4 | 3.4 | 3.0 | 16.9 | 2.3 | 14.5 | 13.8 | 0.1 | 0.1 | 0.5 | | |
| 1965 | 35.4 | 7.8 | 27.6 | 11.7 | 4.3 | 7.4 | 3.4 | 4.0 | 23.8 | 3.6 | 20.2 | 17.0 | 2.2 | 0.4 | 0.5 | | |
| 1970 | 33.9 | 10.2 | 23.7 | 7.4 | 5.0 | 2.5 | 2.0 | 0.4 | 26.5 | 5.2 | 21.3 | 13.3 | 5.4 | 1.0 | 1.7 | | |
| 1975 | 34.8 | 12.3 | 22.4 | 10.1 | 5.4 | 4.7 | 3.7 | 1.0 | 24.6 | 6.9 | 17.7 | 8.0 | 4.4 | 4.6 | 0.7 | | |
| 1980 | 49.2 | 15.0 | 34.2 | 12.0 | 6.0 | 6.1 | 3.9 | 2.1 | 37.1 | 9.0 | 28.1 | 13.6 | 7.7 | 7.0 | -0.2 | | |
| 1985 | 46.2 | 18.0 | 28.1 | 14.1 | 7.4 | 6.7 | 2.2 | 4.6 | 32.1 | 10.7 | 21.4 | 14.2 | 4.1 | 3.2 | -0.1 | | |
| 1990 | 46.5 | 22.4 | 24.1 | 16.2 | 10.2 | 6.1 | 1.9 | 4.1 | 30.3 | 12.2 | 18.1 | 13.0 | 1.6 | 2.0 | 1.4 | | |
| Annual data: | | | | | | | | | | | | | | | | | |
| 1995 | 59.9 | 26.1 | 33.9 | 19.5 | 12.2 | 7.4 | 1.4 | 6.0 | 40.4 | 13.9 | 26.5 | 16.4 | 2.7 | 2.0 | 5.4 | | |
| 1996 | 61.1 | 26.9 | 34.1 | 20.7 | 12.6 | 8.1 | 0.4 | 7.7 | 40.3 | 14.3 | 26.0 | 16.1 | 3.0 | 1.5 | 5.5 | | |
| 1997 | 60.9 | 27.8 | 33.1 | 20.0 | 13.1 | 6.9 | -0.5 | 7.5 | 40.9 | 14.8 | 26.1 | 16.5 | 2.8 | 1.4 | 5.3 | | |
| 1998 | 55.7 | 28.5 | 27.2 | 15.5 | 13.3 | 2.2 | -0.4 | 2.6 | 40.2 | 15.2 | 25.0 | 15.5 | 2.7 | 1.0 | 5.8 | | |
| 1999 | 63.1 | 29.2 | 33.9 | 21.1 | 13.6 | 7.4 | 0.2 | 7.2 | 42.1 | 15.6 | 26.5 | 17.4 | 2.7 | 1.1 | 5.2 | | |
| 2000 est. | 67.7 | 30.1 | 37.6 | 22.3 | 14.0 | 8.3 | 1.1 | 7.2 | 45.4 | 16.1 | 29.3 | 19.5 | 2.7 | 1.3 | 5.7 | | |
| 2001 est. | 68.8 | 31.1 | 37.7 | 21.9 | 14.5 | 7.4 | 0.8 | 6.6 | 46.9 | 16.6 | 30.3 | 20.1 | 2.5 | 1.5 | 6.2 | | |

Table 6-8. NET STOCK OF FEDERALLY FINANCED RESEARCH AND DEVELOPMENT ¹

(In billions of 1996 dollars)

| Fiscal Year | National Defense | | | Nondefense | | | Total Federal | | |
|-----------------------------|------------------|----------------|----------------------------------|------------|----------------|----------------------------------|---------------|----------------|----------------------------------|
| | Total | Basic Research | Applied Research and Development | Total | Basic Research | Applied Research and Development | Total | Basic Research | Applied Research and Development |
| Five year intervals: | | | | | | | | | |
| 1970 | 245 | 15 | 231 | 202 | 63 | 139 | 447 | 78 | 370 |
| 1975 | 260 | 19 | 240 | 247 | 91 | 155 | 507 | 111 | 396 |
| 1980 | 263 | 23 | 240 | 292 | 124 | 169 | 555 | 147 | 408 |
| 1985 | 302 | 28 | 274 | 319 | 164 | 155 | 621 | 192 | 429 |
| 1990 | 379 | 34 | 345 | 360 | 215 | 145 | 739 | 249 | 490 |
| Annual data: | | | | | | | | | |
| 1995 | 398 | 40 | 358 | 434 | 277 | 157 | 832 | 317 | 515 |
| 1996 | 400 | 41 | 359 | 447 | 289 | 157 | 847 | 331 | 516 |
| 1997 | 402 | 42 | 359 | 461 | 303 | 158 | 863 | 345 | 518 |
| 1998 | 403 | 43 | 359 | 477 | 315 | 161 | 879 | 359 | 521 |
| 1999 | 404 | 44 | 360 | 494 | 329 | 165 | 898 | 373 | 524 |
| 2000 est. | 405 | 46 | 359 | 512 | 343 | 169 | 917 | 389 | 528 |
| 2001 est. | 405 | 47 | 359 | 532 | 359 | 173 | 938 | 406 | 532 |

¹ Excludes outlays for physical capital for research and development, which are included in Table 6-6.

3.8 percent in the 1970s to a rate of 1.8 percent from 1980 to 1988. Gross investment in real terms fell during much of the 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

The Stock of Education Capital

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

As shown in Table 6-9, the federally financed education stock is estimated at \$964 billion in 1999 in

constant 1996 dollars, rising to \$1,085 billion in 2001. The vast majority of the Nation's education stock is financed by State and local governments, and by students and their families themselves. This federally financed portion of the stock represents about 3 percent of the Nation's total education stock.⁴ Nearly three-quarters is for elementary and secondary education, while the remaining one quarter is for higher education.

Despite a slowdown in growth during the early 1980s, the stock grew at an average annual rate of 5.4 percent from 1970 to 1999, and the expansion of the education stock is projected to continue under this budget.

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

Table 6-9. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL

(In billions of 1996 dollars)

| Fiscal Year | Total Education Stock | Elementary and Secondary Education | Higher Education |
|----------------------|-----------------------|------------------------------------|------------------|
| Five year intervals: | | | |
| 1960 | 66 | 48 | 19 |
| 1965 | 92 | 66 | 26 |
| 1970 | 212 | 166 | 46 |
| 1975 | 305 | 245 | 60 |
| 1980 | 432 | 336 | 96 |
| 1985 | 533 | 397 | 136 |
| 1990 | 701 | 517 | 184 |
| Annual data: | | | |
| 1995 | 791 | 574 | 217 |
| 1996 | 822 | 596 | 226 |
| 1997 | 859 | 623 | 237 |
| 1998 | 912 | 663 | 249 |
| 1999 | 964 | 705 | 260 |
| 2000 est. | 1,027 | 756 | 271 |
| 2001 est. | 1,085 | 804 | 282 |

Note on Estimating Methods

This note provides further technical detail about the estimation of the capital stock series presented in Tables 6-6 through 6-9.

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

Methodological issues.—The stocks of physical capital and research and development are estimated with the perpetual inventory method. A fundamental assumption of this method is that each dollar of investment spending adds a dollar to the value of the capital stock in the period in which the spending takes place. In reality, the value of the asset created could be more or less than the investment spending. As an extreme example, in cases where a project is canceled before completion, the spending on the project does not result in the creation of any asset. Even where asset value is equal to investment spending, there might be timing differences in spending and the creation of a capital asset. For example, payments for constructing an aircraft carrier might be made over a period of years, with the capital asset only created at the end of the period.

The historical outlay series.—The historical outlay series for physical capital was based on budget records since 1940 and was extended back to 1915 using data from selected sources. There are no consistent outlay data on physical capital for this earlier period, and the estimates are approximations. In addition, the historical outlay series in the budget for physical capital extending back to 1940 may be incomplete. The historical outlay series for the conduct of research and development began in the early 1950s and required selected sources to be extended back to 1940. In addition, separate outlay data for basic research and applied R&D were not available for any years and had to be estimated from obligations and budget authority. For education, data for Federal outlays from the budget were combined with data for non-Federal spending from the

institution or jurisdiction receiving Federal funds, which may introduce error because of differing fiscal years and confusion about whether the Federal Government was the original source of funding.

Price adjustments.—The prices for the components of the Federal stock of physical, R&D, and education capital have increased through time, but the rates of increase are not accurately known. Estimates of costs in fiscal year 1996 prices were made through the application of price measures from the National Income and Product Accounts (NIPAs), but these should be considered only approximations of the costs of these assets in 1996 prices.

Depreciation.—The useful lives of physical, R&D, and education capital, as well as the pattern by which they depreciate, are very uncertain. This is compounded by using depreciation rates for broad classes of assets, which do not apply uniformly to all the components of each group. As a result, the depreciation estimates should also be considered approximations. This limitation is especially important in capital financed by grants, where the specific asset financed with the grant is often subject to the discretion of the recipient jurisdiction.

Research continues on the best methods to estimate these capital stocks. The estimates presented in the text could change as better information becomes available on the underlying investment data and as improved methods are developed for estimating the stocks based on those data.

Physical Capital Stocks

For many years, current and constant-cost data on the stock of most forms of public and private physical capital—e.g., roads, factories, and housing—have been estimated annually by the Bureau of Economic Analysis (BEA) in the Department of Commerce. With two recent comprehensive revisions of the NIPAs in January 1996 and October 1999, government investment has taken

increased prominence. Government investment in physical capital is now reported separately from government consumption expenditures, and government consumption expenditures include depreciation as a measure of the services provided by the existing capital stock. Government purchases of software are now included as investment.⁵ In addition, as part of the most recent revisions, a new table will explicitly link investment and capital stocks by reporting the net stock of Government physical capital and decomposing the annual change in the stock into investment, depreciation, extraordinary changes such as disasters, and revaluation.⁶

The BEA data are not directly linked to the Federal budget, do not extend to the years covered by the budget, and do not separately identify the capital financed but not owned by the Federal Government. For these reasons, OMB prepares separate estimates for budgetary purposes, using techniques that roughly follow the BEA methods.

Method of estimation.—The estimates were developed from the OMB historical data base for physical capital outlays and grants to State and local governments for physical capital. These are the same major public physical capital outlays presented in Part I. This data base extends back to 1940 and was supplemented by rough estimates for 1915–1939.

The deflators used to convert historical outlays to constant 1996 dollars were based on composite NIPA deflators for Federal, State, and local consumption of durables and gross investment, as revised in BEA's October 1999 comprehensive NIPA revisions. Because BEA had not yet released certain revised data prior to calendar year 1959, deflators were estimated for 1930 to 1959 based on the growth rates in BEA's pre-revision data. For 1915 through 1929, deflators were estimated from Census Bureau historical statistics on constant price public capital formation.

The resulting capital stocks were aggregated into nine categories and depreciated using geometric rates roughly following those of BEA, which estimates depreciation using much more detailed categories.⁷ The geometric rates were 1.9 percent for water and power projects; 2.4 percent for other direct non-defense construction and rehabilitation; 20.3 percent for non-defense equipment; 14.0 percent for defense equipment; 2.1 percent for defense structures; 1.6 percent for transportation grants; 1.7 percent for community and regional development grants; 1.5 percent for natural resources and environment grants; and 1.8 percent for other nondefense grants.

Research and Development Capital Stocks

Method of estimation.—The estimates were developed from a data base for the conduct of research and devel-

opment largely consistent with the data in the Historical Tables. Although there is no consistent time series on basic and applied R&D for defense and nondefense outlays back to 1940, it was possible to estimate the data using obligations and budget authority. The data are for the conduct of R&D only and exclude outlays for physical capital for research and development, because those are included in the estimates of physical capital. Nominal outlays were deflated by the chained price index for gross domestic product (GDP) in fiscal year 1996 dollars to obtain estimates of constant dollar R&D spending.

The appropriate depreciation rate of intangible R&D capital is even more uncertain than that of physical capital. Empirical evidence is inconclusive. It was assumed that basic research capital does not depreciate and that applied research and development capital has a ten percent geometric depreciation rate. These are the same assumptions used in a study published by the Bureau of Labor Statistics estimating the R&D stock financed by private industry.⁸ More recent experimental work at BEA, extending estimates of tangible capital stocks to R&D, used slightly different assumptions. This work assumed straight-line depreciation for all R&D over a useful life of 18 years, which is roughly equivalent to a geometric depreciation rate of 11 percent. The slightly higher depreciation rate and its extension to basic research would result in smaller stocks than the method used here.⁹

Education Capital Stocks

Method of estimation.—The estimates of the federally financed education capital stock in Table 6–9 were calculated by first estimating the Nation's total stock of education capital, based on the current replacement cost of the total years of education of the population, including opportunity costs. To derive the Federal share of this total stock, the Federal share of total educational expenditures was applied to the total amount. The percent in any year was estimated by averaging the prior years' share of Federal education outlays in total education costs. For more information, refer to the technical note in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

The stock of capital estimated in Table 6–9 is based only on spending for education. Stocks created by other human capital investment outlays included in Table 6–1, such as job training and vocational rehabilitation, were not calculated because of the lack of historical data prior to 1962 and the absence of estimates of depreciation rates.

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

⁶BEA's most recent estimates of capital stocks, prepared prior to the October 1999 comprehensive revisions, appear in "Fixed Reproducible Tangible Wealth in the United States: Revised Estimates for 1995–97 and Summary Estimates for 1925–97," *Survey of Current Business*, September 1998, pp. 36–46. Estimates reflecting the October 1999 revisions are tentatively scheduled for publication in the March 2000 *Survey of Current Business*.

⁷BEA presented its depreciation methods and rates in "Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95," *Survey of Current Business*, May 1997, pp. 69–76.

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

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

Part IV: ALTERNATIVE CAPITAL BUDGET AND CAPITAL EXPENDITURE PRESENTATIONS

A capital budget would separate Federal expenditures into two categories: spending for investment and all other spending. In this sense, Part I of the present chapter provides a capital budget for the Federal Government, distinguishing outlays that yield long-term benefits from all others. But alternative capital budget presentations have also been suggested, and a capital budget process may take many different forms.

The Federal budget mainly finances investment for two quite different types of reasons. It invests in capital—such as office buildings, computers, and weapons systems—that primarily contributes to its ability to provide governmental services to the public; some of these services, in turn, are designed to increase economic growth. And it invests in capital—such as highways, education, and research—that contributes more directly

to the economic growth of the Nation. Most of the capital in the second category, unlike the first, is not owned or controlled by the Federal Government. In the discussion that follows, the first is called “Federal capital” and the second is called “national capital.” Table 6–10 compares total Federal investment as defined in Part I of this chapter with investment in Federal capital, which was defined as “capital assets” in Part II of this chapter, and with investment in national capital. Some Federal investment is not classified as either Federal or national capital, and a relatively small part is included in both categories.

Capital budgets and other changes in Federal budgeting have been suggested from time to time for the Government’s investment in both Federal and national

Table 6–10. ALTERNATIVE DEFINITIONS OF INVESTMENT OUTLAYS, 2001

(In millions of dollars)

| | Investment Outlays | | |
|---|-----------------------------------|-----------------|------------------|
| | All types of capital ¹ | Federal capital | National capital |
| Construction and rehabilitation: | | | |
| Grants: | | | |
| Transportation | 33,570 | ..... | 33,570 |
| Natural resources and environment | 2,785 | ..... | 2,785 |
| Community and regional development | 6,048 | ..... | 1,009 |
| Housing assistance | 7,643 | ..... | ..... |
| Other grants | 294 | ..... | 182 |
| Direct Federal: | | | |
| National defense | 5,120 | 5,120 | ..... |
| General science, space, and technology | 616 | 584 | 616 |
| Natural resources and environment | 5,424 | 4,128 | 5,129 |
| Energy | 863 | 863 | 863 |
| Transportation | 269 | 259 | 269 |
| Veterans and other health facilities | 1,317 | 1,317 | 1,317 |
| Postal Service | 1,044 | 1,044 | 1,044 |
| GSA real property activities | 1,116 | 1,116 | ..... |
| Other construction | 2,674 | 2,193 | 1,237 |
| Total construction and rehabilitation | 68,783 | 16,624 | 48,021 |
| Acquisition of major equipment (direct): | | | |
| National defense | 51,076 | 51,076 | ..... |
| Postal Service | 714 | 714 | 714 |
| Air transportation | 1,965 | 1,965 | 1,965 |
| Other | 5,504 | 4,728 | 3,333 |
| Total major equipment | 59,259 | 58,483 | 6,012 |
| Purchase or sale of land and structures | 839 | 839 | ..... |
| Other physical assets (grants) | 1,344 | ..... | 64 |
| Total physical investment | 130,225 | 75,946 | 54,097 |
| Research and development: | | | |
| Defense | 40,914 | ..... | 1,184 |
| Nondefense | 39,447 | ..... | 38,889 |
| Total research and development | 80,361 | ..... | 40,073 |
| Education and training | 56,590 | ..... | 56,214 |
| Total investment outlays | 267,176 | 75,946 | 150,384 |

¹ Total outlays for “all types of capital” are equal to the total for “major Federal investment outlays” in Table 6–1. Some capital is not classified as either Federal or national capital, and a relatively small part is included in both categories.

capital. These proposals differ widely in coverage, depending on the rationale for the suggestion. Some would include all the investment shown in Table 6–1, or more, whereas others would be narrower in various ways. These proposals also differ in other respects, such as whether investment would be financed by borrowing and whether the non-investment budget would necessarily be balanced. Some of these proposals are discussed below and illustrated by alternative capital budget and other capital expenditure presentations, although the discussion does not address matters of implementation such as the effect on the Budget Enforcement Act. The planning and budgeting process for capital assets, which is a different subject, is discussed in Part II of this chapter together with the steps this Administration is taking to improve it.

As discussed at the beginning of this chapter, the *Report of the President's Commission to Study Capital Budgeting* considered both capital budgets and the broader question of the planning and budgeting process for capital assets. It made a series of recommendations to improve budgeting for capital and setting priorities for the Federal Government, but it did not recommend changing the budget to make the size of the deficit or surplus depend on the amount of expenditures defined as capital, to finance capital spending by borrowing, or to make a single decision about how much to spend for “capital” under some definition.

Investment in Federal Capital

The goal of investment in Federal capital is to deliver the right amount of Government services as efficiently and effectively as possible. The Congress allocates resources to Federal agencies to accomplish a wide variety of programmatic goals. Because these goals are diverse and most are not measured in dollars, they are difficult to compare with each other. Policy judgments must be made as to their relative importance.

Once amounts have been allocated for one of these goals, however, analysis may be able to assist in choosing the most efficient and effective means of delivering service. This is the context in which decisions are made on the amount of investment in Federal capital. For example, budget proposals for the Department of Justice must consider whether to increase the number of FBI agents, the amount of justice assistance grants to State and local governments, or the number of Federal prisons in order to accomplish the department's objectives. The optimal amount of investment in Federal capital derives from these decisions. There is no efficient target for total investment in Federal capital as such either for a single agency or for the Government as a whole.

The universe of Federal capital encompasses all federally owned capital assets. It excludes Federal grants to States for infrastructure, such as highways, and it excludes intangible investment, such as education and research. Investment in Federal capital in 2001 is estimated to be \$75.9 billion, or 28 percent of the total Federal investment outlays shown in Table 6–1. Of the

investment in Federal capital, 74 percent is for defense and 26 percent for nondefense purposes.

A Capital Budget for Capital Assets

Discussion of a capital budget has often centered on Federal capital, called “capital assets” in Part II of this chapter—buildings, other construction, equipment, and software that support the delivery of Federal services. This includes capital commonly available from the commercial sector, such as office buildings, computers, military family housing, veterans hospitals, research and development facilities, and associated equipment; it also includes special purpose capital such as weapons systems, military bases, the space station, and dams. This definition excludes capital that the Federal Government has financed but does not own.¹⁰

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 6–11 illustrates such a capital budget for capital assets as defined above. It is accompanied by an operating budget and a total budget. The operating budget consists of all expenditures except those included in the capital budget, plus depreciation on the stock of assets of the type purchased through the capital budget. The capital budget consists of expenditures for capital assets and, on the income side of the account, depreciation. The total budget is the present unified budget, largely based on cash for its measure of transactions, which records all outlays and receipts of the Federal Government. It consolidates the operating and capital budgets by adding them together and netting out depreciation as an intragovernmental transaction. The operating budget has a smaller surplus than the unified budget. This reflects both the relatively small Federal investment in new capital assets and the offsetting effect of depreciation on the existing stock. Depreciation is larger than capital expenditures by \$4 billion. The figures in Table 6–11 and the subsequent tables of this section are rough estimates, intended only to be illustrative and to provide a basis for broad generalizations.

Some proposals for a capital budget would exclude defense capital (other than military family housing). These exclusions—weapons systems, military bases, and so forth—would comprise three-fourths of the expenditures shown in the capital budget of Table 6–11. If they were excluded, the operating budget would have a surplus that was a little more than the unified budget surplus: a surplus \$6 billion higher than the unified budget surplus instead of \$4 billion lower as shown above for the complete coverage of Federal capital. Excluding defense makes such a large difference because of its large relative size and the recent pattern of capital asset purchases. The large defense buildup that began in the early 1980s raised the capital stock and depreciation; the buildup was followed by a sharp decline in purchases, while the capital stock and depreciation have declined more slowly. (See the previous sec-

¹⁰This definition of “capital assets” is the same as used in the budget in recent years. Narrower definitions of “fixed assets” were used in earlier budgets.

**Table 6–11. CAPITAL, OPERATING, AND UNIFIED BUDGETS:
FEDERAL CAPITAL, 2001¹**

(In billions of dollars)

| | |
|---|-------|
| Operating Budget | |
| Receipts | 2,019 |
| Expenses: | |
| Depreciation | 80 |
| Other | 1,759 |
| Subtotal, expenses | 1,839 |
| Surplus or deficit (–) | 180 |
| Capital Budget | |
| Income: depreciation | 80 |
| Capital expenditures | 76 |
| Surplus or deficit (–) | 4 |
| Unified Budget | |
| Receipts | 2,019 |
| Outlays | 1,835 |
| Surplus or deficit (–) ² | 184 |

¹Historical data to estimate the capital stocks and calculate depreciation are not readily available for Federal capital. Depreciation estimates were based on the assumption that outlays for Federal capital were a constant percentage of the larger categories in which such outlays were classified. They are also subject to the limitations explained in Part III of this chapter. Depreciation is measured in terms of current cost, not historical cost.

²The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S–1 in Part 6 of the 2001 *Budget*.

tion of this chapter.) As a result, capital expenditures for defense in 2001 are estimated to be \$10 billion less than depreciation, whereas capital expenditures for nondefense purposes (plus military family housing) are estimated to be \$6 billion more.

Budget Discipline and a Capital Budget

Many proposals for a capital budget, though not all, would effectively dispense with the unified budget and make expenditure decisions on capital asset acquisitions in terms of the operating budget instead. When the Government proposed to purchase a capital asset, the operating budget would include only the estimated depreciation. For example, suppose that an agency proposed to buy a \$50 million building at the beginning of the year with an estimated life of 25 years and with depreciation calculated by the straightline method. Operating expense in the budget year would increase by \$2 million, or only 4 percent of the asset cost. The same amount of depreciation would be recorded as an increase in operating expense for each year of the asset's life.¹¹

Recording the annual depreciation in the operating budget each year would provide little control over the decision about whether to invest in the first place. Most Federal investments are sunk costs and as a practical matter cannot be recovered by selling or renting the asset. At the same time, there is a significant risk that the need for a capital asset may change over a period of years, because either the need was not perma-

¹¹The amount of depreciation that typically would be recorded as an expense in the budget year is overstated by this illustration. First, most assets are purchased after the beginning of the year, in which case less than a full year's depreciation would be recorded. Second, assets may be constructed or built to order, in which case no depreciation would be recorded until the work was completed and the asset put into service. This could be several years after the initial expenditure.

nent, it was initially misjudged, or other needs become more important. Since the cost is sunk, however, control cannot be exercised later on by comparing the annual benefit of the asset services with depreciation and interest and then selling the asset if its annual services are not worth this expense. Control can only be exercised up front when the Government commits itself to the full sunk cost. By spreading the real cost of the project over time, however, use of the operating budget for expenditure decisions would make the budgetary cost of the capital asset appear very cheap when decisions were being made that compared it to alternative expenditures. As a result, there would be an incentive to purchase capital assets with little regard for need, and also with little regard for the least-cost method of acquisition.

A budget is a financial plan for allocating resources—deciding how much the Federal Government should spend in total, program by program, and for the parts of each program. The budgetary system provides a process for proposing policies, making decisions, implementing them, and reporting the results. The budget needs to measure costs accurately so that decision makers can compare the cost of a program with its benefit, the cost of one program with another, and the cost of alternative methods of reaching a specified goal. These costs need to be fully included in the budget up front, when the spending decision is made, so that executive and congressional decision makers have the information and the incentive to take the total costs into account in setting priorities.

The unified budget does this for investment. By recording investment on a cash basis, it causes the total cost to be compared up front in a rough and ready way with the total expected future net benefits. Since the budget measures only cost, the benefits with which these costs are compared, based on policy makers' judgment, must be presented in supplementary materials. Such a comparison of total cost with benefits is consistent with the formal method of cost-benefit analysis of capital projects in government, in which the full cost of a capital asset as the cash is paid out is compared with the full stream of future benefits (all in terms of present values).¹² This comparison is also consistent with common business practice, in which capital budgeting decisions for the most part are made by comparing cash flows. The cash outflow for the full purchase price is compared with expected future cash inflows, either through a relatively sophisticated technique of discounted cash flows—such as net present value or internal rate of return—or through cruder methods such as payback periods.¹³ Regardless of the

¹²For example, see Edward M. Gramlich, *A Guide to Benefit-Cost Analysis* (2nd ed.; Englewood Cliffs: Prentice Hall, 1990), chap. 6; or Joseph E. Stiglitz, *Economics of the Public Sector* (2nd ed.; New York: Norton, 1988), chap. 10. This theory is applied in formal OMB instructions to Federal agencies in OMB Circular No. A–94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (October 29, 1992). General Accounting Office, *Discount Rate Policy*, GAO/OCE-17.1.1 (May 1991), discusses the appropriate discount rate for such analysis but not the foundation of the analysis itself, which is implicitly assumed.

¹³For a full textbook analysis of capital budgeting techniques in business, see Harold Bierman, Jr., and Seymour Smidt, *The Capital Budgeting Decision* (8th ed.; Saddle River, N.J.: Prentice-Hall, 1993). Shorter analyses from the standpoints of corporate finance and cost accounting may be found, for example, in Richard A. Brealey and Stewart C. Myers,

specific technique adopted, it usually requires comparing future returns with the entire cost of the asset up front—not spread over time through annual depreciation.¹⁴

Practice Outside the Federal Government

The proponents of making investment decisions on the basis of an operating budget with depreciation have sometimes claimed that this is the common practice outside the Federal Government. However, while the practice of others may differ from the Federal budget and the terms “capital budget” and “capital budgeting” are often used, these terms do not normally mean that capital asset acquisitions are decided on the basis of annual depreciation cost. The use of these terms in business and State government also does not mean that businesses and States finance all their investment by borrowing. Nor does it mean that under a capital budget the extent of borrowing by the Federal Government to finance investment would be limited by the same forces that constrain business and State borrowing for investment.

Private business firms call their investment decision making process “capital budgeting,” and they record the resulting planned expenditures in a “capital budget.” However, decisions are normally based on up-front comparisons of the cash outflows needed to make the investment with the resulting cash inflows expected in the future, as explained above, and the capital budget records the period-by-period cash outflows proposed for capital projects.¹⁵ This supports the business’s goal of deciding upon and controlling the use of its resources.

The cash-based focus of business budgeting for capital is in contrast to business financial statements—the income statement and balance sheet—which use accrual accounting for a different purpose, namely, to record how well the business is meeting its objective of earning profit and accumulating wealth for its owners. For this purpose, the income statement shows the profit in a year from earning revenue net of the expenses incurred. These expenses include depreciation, which is an allocation of the cost of capital assets over their estimated useful life. With similar objectives in mind, the Office of Management and Budget, the Treasury Department, and the General Accounting Office have adopted the use of depreciation on general property, plant, and equipment owned by the Federal Government as a

measure of expense in financial statements and cost accounting for Federal agencies.¹⁶

Businesses finance investment from net income, cash on hand, and other sources as well as borrowing. When they borrow to finance investment, they are constrained in ways that Federal borrowing is not. The amount that a business borrows is limited by its own profit motive and the market’s assessment of its capacity to repay. The greater a business’s indebtedness, other things equal, the more risky is any additional borrowing and the higher is the cost of funds it must pay. Since the profit motive ensures that a business will not want to borrow unless the expected return is at least as high as the cost of funds, the amount of investment that a business will want to finance is limited; it has an incentive to borrow only for projects where the expected return is as high or higher than the cost of funds. Furthermore, if the risk is great enough, a business may not be able to find a lender.

No such constraint limits the Federal Government—either in the total amount of its borrowing for investment, or in its choice of which assets to buy—because of its sovereign power to tax and the wide economic base that it taxes. It can tax to pay for investment; and, if it borrows, its power to tax ensures that the credit market will judge U.S. Treasury securities free from any risk of default even if it borrows “excessively” or for projects that do not seem worthwhile.

Most *States* also have a “capital budget,” but the operating budget is not like the operating budget envisaged by proponents of making Federal investment decisions on the basis of depreciation. State capital budgets differ widely in many respects but generally relate some of the State’s purchases of capital assets to borrowing and other earmarked means of financing. For the debt-financed portion of investment, the interest and repayment of principal are usually recorded as expenditures in the operating budget. For the portion of investment purchased in the capital budget but financed by Federal grants or State taxes, which may be substantial, State operating budgets do not record any amount. No State operating budget is charged for depreciation.¹⁷

States also do not record depreciation expense in the financial accounting statements for governmental funds. They currently record depreciation expense only in their proprietary (commercial-type) funds and in those trust funds where net income, expense, or capital

Principles of Corporate Finance (5th ed.; New York: McGraw-Hill, 1996), chap. 2, 5, and 6; Charles T. Horngren et al., *Cost Accounting* (9th ed.; Upper Saddle River, N.J.: Prentice-Hall, 1997), chap. 22 and 23; Jerold L. Zimmerman, *Accounting for Decision Making and Control* (Chicago: Irwin, 1995), chap. 3; and Surendra S. Singhvi, “Capital-Investment Budgeting Process” and “Capital-Expenditure Evaluation Methods,” chap. 19 and 20 in Robert Rachlin, ed., *Handbook of Budgeting* (4th ed.; New York: Wiley, 1999).

¹⁴Two surveys of business practice conducted a few years ago found that such techniques are predominant. See Thomas Klammer et al., “Capital Budgeting Practices—A Survey of Corporate Use,” *Journal of Management and Accounting Research*, vol. 3 (Fall 1991), pp. 113–30; and Glenn H. Petry and James Sprow, “The Theory and Practice of Finance in the 1990s,” *The Quarterly Review of Economics and Finance*, vol. 33 (Winter 1993), pp. 359–82. Petry and Sprow also found that discounted cash flow techniques are recommended by the most widely used textbooks in managerial finance.

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

¹⁶Office of Management and Budget, Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment* (November 30, 1995), pp. 5–14 and 34–35. This Statement was recommended by the Federal Accounting Standards Advisory Board. Depreciation is not used as a measure of expense for heritage assets, or for weapons systems and other national defense property, plant, and equipment. Depreciation also is not used as a measure of expense for physical property financed by the Federal Government but owned by State and local governments, or for investment that the Federal Government finances in human capital and research and development.

¹⁷The characteristics of State capital budgets were examined in a survey of State budget officers for all 50 States in 1986. See Lawrence W. Hush and Kathleen Peroff, “The Variety of State Capital Budgets: A Survey,” *Public Budgeting and Finance* (Summer 1988), pp. 67–79. More detailed results are available in an unpublished OMB document, “State Capital Budgets” (July 7, 1987). Two GAO reports examined State capital budgets and reached similar conclusions on the issues in question. See *Budget Issues: Capital Budgeting Practices in the States*, GAO/AFMD–86–63FS (July 1986), and *Budget Issues: State Practices for Financing Capital Projects*, GAO/AFMD–89–64 (July 1989). For further information about state capital budgeting, see National Association of State Budget Officers, *Capital Budgeting in the States* (September 1997).

maintenance is measured.¹⁸ Under new financial accounting standards, however, depreciation on most capital assets will be recognized as an expense in government-wide financial statements. This will become effective for fiscal periods beginning during 2001–03, depending on the size of the government.¹⁹

State borrowing to finance investment, like business borrowing, is subject to limitations that do not apply to Federal borrowing. Like business borrowing, it is constrained by the credit market's assessment of the State's capacity to repay, which is reflected in the credit ratings of its bonds. Rating agencies place significant weight on the amount of debt outstanding compared to the economic output generated by the State. Furthermore, borrowing is usually designated for specified investments, and it is almost always subject to constitutional limits or referendum requirements.

Other *developed nations* tend to show a more systematic breakdown between investment and operating expenditures within their budgets than does the United States, even while they record capital expenditures on a cash basis within the same budget totals. The French budget, for example, is divided into separate titles of which some are for current expenditures and others for capital expenditures. However, a recent study of European countries found only four that had a real difference between a current budget and a capital budget (Greece, Ireland, Luxembourg, and Portugal);²⁰ and a survey by the Congressional Budget Office in 1993 found only two developed nations, Chile and New Zealand, that recognize depreciation in their budgets.²¹ New Zealand, moreover, while budgeting on an accrual basis that generally includes depreciation, requires the equivalent of appropriations for the full cost up front before a department can make net additions to its capital assets or before the government can acquire certain capital assets such as state highways.²²

More recently, Australia has adopted an accrual budget as of its 1999–2000 fiscal year, although appropriations are required for departments with inadequate funds to replace capital assets. The budget has several measures of fiscal position: the operating balance is fully accrual; while the fiscal balance, the primary fiscal measure, is closer to a cash basis and includes the purchase of property, plant, and equipment rather than depreciation. The United Kingdom has adopted a rule that it will borrow only for net investment (after depreciation), averaged over the economic cycle. It plans to budget on an accrual basis, including the depreciation of capital assets, beginning with its budget for 2001–02;

an appropriation would be required for cash payments for capital assets made in the fiscal year, but this would not be included in the “resource budget.” On the other hand, some countries—including Sweden, Denmark, Finland, and the Netherlands—formerly had separate capital budgets but abandoned them a number of years ago.²³

Many *developing countries* operate a dual budget system comprising a regular or recurrent budget and a capital or development budget. The World Bank staff has concluded that:

“The dual budget may well be the single most important culprit in the failure to link planning, policy and budgeting, and poor budgetary outcomes. The dual budget is misconceived because it is based on a false premise that capital expenditure by government is more productive than current expenditure. Separating development and recurrent budgets usually leads to the development budget having a lower hurdle for entry. The result is that everyone seeks to redefine their expenditure as capital so it can be included in the development budget. Budget realities are left to the recurrent budget to deal with, and there is no pretension that expenditure proposals relate to policy priorities.”²⁴

Conclusions

It is for reasons such as these that the General Accounting Office issued a report in 1993 that criticized budgeting for capital in terms of depreciation. Although the criticisms were in the context of what is termed “national capital” in this chapter, they apply equally to “Federal capital.”

“Depreciation is not a practical alternative for the Congress and the administration to use in making decisions on the appropriate level of spending intended to enhance the nation's long-term economic growth for several reasons. Currently, the law requires agencies to have budget authority before they can obligate or spend funds. Unless the full amount of budget authority is appropriated up front, the ability to control decisions when total resources are committed to a particular use is reduced. Appropriating only annual depreciation, which is only a fraction of the total cost of an investment, raises this control issue.”²⁵

After further study of the role of depreciation in budgeting for national capital, GAO reiterated that con-

¹⁸ Governmental Accounting Standards Board (GASB), *Codification of Governmental Accounting and Financial Reporting Standards* as of June 30, 1999, sections 1100.107 and 1400.114–1400.118.

¹⁹ Governmental Accounting Standard Board, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (October 1999), paragraphs 18–29 and 44–45. For discussion, see paragraphs 330–43.

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

²¹ Robert W. Hartman, Statement before the Subcommittee on Economic Development, Committee on Public Works and Transportation, U.S. House of Representatives (May 26, 1993). Hartman stated: “to our knowledge, only two developed countries, Chile and New Zealand, recognize depreciation in their budgets.”

²² New Zealand's use of depreciation in its budget is discussed in GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments*, GAO/AIMD–95–34 (February 1995), pp. 13 and 16–17.

²³ The budgets in Sweden, Great Britain, Germany, and France are described in GAO, *Budget Issues: Budgeting Practices in West Germany, France, Sweden, and Great Britain*, GAO/AFMD–87–SFS (November 1986). Sweden had separate capital and operating budgets from 1937 to 1981, together with a total consolidated budget from 1956 onwards. The reasons for abandoning the capital budget are discussed briefly in the GAO report and more extensively by a government commission established to recommend changes in the Swedish budget system. One reason was that borrowing was no longer based on the distinction between current and capital budgets. See Sweden, Ministry of Finance, *Proposal for a Reform of the Swedish Budget System: A Summary of the Report of the Budget Commission Published by the Ministry of Finance* (Stockholm, 1974), chapter 10.

²⁴ The World Bank, *Public Expenditure Management Handbook* (Washington, D.C.: The World Bank, 1998), Box 3.11, page 53.

²⁵ GAO, *Budget Issues: Incorporating an Investment Component in the Federal Budget*, GAO/AIMD–94–40 (November 1993), p. 11. GAO had made the same recommendation in earlier reports but with less extensive analysis.

clusion in another study in 1995.²⁶ “The greatest disadvantage... was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system.”²⁷ Although that study also focused primarily on what is termed “national capital” in this chapter, its analysis applies equally to “Federal capital.” In 1996 GAO extended its conclusions to Federal capital as well. “If depreciation were recorded in the federal budget in place of cash requirements for capital spending, this would undermine Congress’ ability to control expenditures because only a small fraction of an asset’s cost would be included in the year when a decision was made to acquire it.”²⁸

Investment in National Capital

A Target for National Investment

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

- *The effect of its own investment in national capital on the output and income that the economy can produce.* Reducing expenditure on consumption and increasing expenditure on investment that supports economic growth is a major priority for the Administration. It has reordered priorities in its budgets by proposing increases in selected investments.
- *The effect of Federal taxation, borrowing, and other policies on private investment.* The Administration’s deficit reduction policy has brought about an expansion of private investment, most notably in producers’ durable equipment.

In its 1993 report, *Incorporating an Investment Component in the Federal Budget*, the General Accounting Office (GAO) recommended establishing an investment component within the unified budget—but not a separate capital budget or the use of depreciation—for this type of investment.²⁹ GAO defined this investment as “federal spending, either direct or through grants, that is directly intended to enhance the private sector’s long-term productivity.”³⁰ To increase investment—both public and private—GAO recommended establishing targets for the level of Federal investment and for a declining path of unified budget deficits over time.³¹ Such a target for investment in national capital would focus attention on policies for growth, encourage a conscious decision about the overall level of growth-enhancing investment, and make it easier to set spending priorities in terms of policy goals for aggregate forma-

²⁶ GAO, *Budget Issues: The Role of Depreciation in Budgeting for Certain Federal Investments*, GAO/AIMD-95-34 (February 1995), pp. 1 and 19-20.

²⁷ *Ibid.*, p. 17. Also see pp. 1-2 and 16-19.

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

²⁹ *Incorporating an Investment Component in the Federal Budget*, pp. 1-2, 9-10, and 15.

³⁰ *Ibid.*, pp. 1 and 5.

³¹ *Ibid.*, pp. 2 and 13-16.

tion of national capital. GAO reiterated its recommendation in another report in 1995.³²

Table 6-12. UNIFIED BUDGET WITH NATIONAL INVESTMENT COMPONENT, 2001

(In billions of dollars)

| | |
|---|-------|
| Receipts | 2,019 |
| Outlays: | |
| National investment | 150 |
| Other | 1,685 |
| Subtotal, outlays | 1,835 |
| Surplus or deficit (-) ¹ | 184 |

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

Table 6-12 illustrates the unified budget reorganized as GAO recommends to have a separate component for investment in national capital. This component is roughly estimated to be \$150 billion in 2001. It includes infrastructure outlays financed by Federal grants to State and local governments, such as highways and sewer projects, as well as direct Federal purchases of infrastructure, such as electric power generation equipment. It also includes intangible investment for non-defense research and development, for basic research financed through defense, and for education and training. Much of this expenditure consists of grants and credit assistance to State and local governments, non-profit organizations, or individuals. Only 10 percent of national investment consists of assets to be owned by the Federal Government. Military investment and some other “capital assets” as defined previously are excluded, because that investment does not primarily enhance economic growth.

A Capital Budget for National Investment

Table 6-13 roughly illustrates what a capital budget and operating budget would look like under this definition of investment—although it must be emphasized that this is **not** GAO’s recommendation. Some proponents of a capital budget would make spending decisions within the framework of such a capital budget and operating budget. But the limitations that apply to the use of depreciation in deciding on investment decisions for Federal capital apply even more strongly in deciding on investment decisions for national capital. Most national capital is neither owned nor controlled by the Federal Government. Such investments are sunk costs completely and can be controlled only by decisions made up front when the Government commits itself to the expenditure.³³

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

³² *The Role of Depreciation in Budgeting for Certain Investments*, pp. 2 and 19-20.

³³ GAO’s conclusions about the loss of budgetary control that were quoted at the end of the section on Federal capital came from studies that predominantly considered “national capital.”

**Table 6-13. CAPITAL, OPERATING, AND UNIFIED BUDGETS:
NATIONAL CAPITAL, 2001¹**

(In billions of dollars)

| Operating Budget | |
|---|-------|
| Receipts | 1,981 |
| Expenses: | |
| Depreciation ² | 74 |
| Other | 1,685 |
| Subtotal, expenses | 1,758 |
| Surplus or deficit (-) | 222 |
| Capital Budget | |
| Income: | |
| Depreciation ² | 74 |
| Earmarked tax receipts ³ | 38 |
| Subtotal, income | 112 |
| Capital expenditures | 150 |
| Surplus or deficit (-) | -38 |
| Unified Budget | |
| Receipts | 2,019 |
| Outlays | 1,835 |
| Surplus or deficit (-) ⁴ | 184 |

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

²Excludes depreciation on capital financed by earmarked tax receipts allocated to the capital budget.

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

⁴The surplus allocation for debt reduction is part of the President's overall budgetary framework to extend the solvency of Social Security and Medicare, and is shown in Table S-1 in Part 6 of the 2001 Budget.

are much more difficult to determine for intangible investment such as research and education than they are for physical investment such as highways and office buildings. These and other definitional questions are hard to resolve. The answers could significantly affect budget decisions, because they would determine whether the budget would record all or only a small part of the cost of a decision when policy makers were comparing the budgetary cost of a project with their judgment of its benefits. The process of reaching an answer with a capital budget would open the door to manipulation, because there would be an incentive to make the operating expenses and deficit look smaller by classifying outlays as investment and using low depreciation rates. This would "justify" more spending by the program or the Government overall.³⁴

A Capital Budget and the Analysis of Saving and Investment

Data from the Federal budget may be classified in many different ways, including analyses of the Government's direct effects on saving and investment. As Parts I and III of this chapter have shown, the unified budget provides data that can be used to calculate Federal

³⁴These problems are also pointed out in GAO, *Incorporating an Investment Component in the Federal Budget*, pp. 11-12. They are discussed more extensively with respect to highway grants, research and development, and human capital in GAO, *The Role of Depreciation in Budgeting for Certain Federal Investments*, pp. 11-14. GAO found no government that budgets for the depreciation of infrastructure (whether or not owned by that government), human capital, or research and development (except that New Zealand budgets for the depreciation of research and development if it results in a product that is intended to be used or marketed).

investment outlays and federally financed capital stocks. However, the budget totals themselves do not make this distinction. In particular, the budget surplus or deficit does not measure the Government's contribution to the nation's net saving (i.e., saving net of depreciation). A capital budget, it is sometimes contended, is needed for this purpose.

This purpose, however, is now fulfilled by the Federal sector of the national income and product accounts (NIPA) according to one definition of investment. The NIPA Federal sector measures the impact of Federal current receipts, current expenditures, and the current surplus or deficit on the national economy. It is part of an integrated set of measures of aggregate U.S. economic activity that is prepared by the Bureau of Economic Analysis in the Department of Commerce in order to measure gross domestic product (GDP), the income generated in its production, and many other variables used in macroeconomic analysis. The NIPA Federal sector for recent periods is published monthly in the *Survey of Current Business* with separate releases for historical data. Estimates for the President's proposed budget through the budget year are normally published in the budget documents. The NIPA translation of the budget, rather than the budget itself, is ordinarily used by economists to analyze the effect of Government fiscal policy on the aggregate economy.³⁵

Until four years ago the NIPA Federal sector did not divide government purchases of goods and services between consumption and investment. With the comprehensive revision of the national income and product accounts in early 1996, it now makes that distinction.³⁶ The revised NIPA Federal Government account is a current account or an operating account for the Federal Government and accordingly shows current receipts and current expenditures. It excludes expenditures for structures, equipment, and software owned by the Federal Government; it includes depreciation on the federally owned stock of structures, equipment, and software as a proxy for the services of capital assets consumed in production and thus as part of the Federal Government's current expenditures. It applies this treatment to a comprehensive definition of federally owned structures, equipment, and software, both defense and non-defense, similar to the definition of "capital assets" in this chapter.³⁷

³⁵See chapter 16 of this volume, "National Income and Product Accounts," for the NIPA current account of the Federal Government based on the budget estimates for 2000 and 2001, and for a discussion of the NIPA Federal sector and its relationship to the budget.

³⁶This distinction is also made in the national accounts of most other countries and in the System of National Accounts (SNA), which is guidance prepared by the United Nations and other international organizations. Definitions of investment vary. For example, the SNA does not include the purchase of military equipment as investment.

³⁷The treatment of investment (except for the recent recognition of software) in the NIPA Federal sector is explained in *Survey of Current Business*, "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation" (September 1995), pp. 33-39. As is the case of private sector investment, government investment does not include expenditures on research and development or on education and training. Government purchases of structures, equipment, and software remain a part of gross domestic product (GDP) as a separate component. The NIPA State and local government account is defined in the same way and includes depreciation on structures, equipment, and software owned by State and local governments that were financed by Federal grants as well as by their own resources. Depreciation is not displayed as a separate line item in the government account: depreciation on general government capital assets is included in government "consumption expenditures"; and depreciation on the capital assets of government enterprises is subtracted in calculating the "current surplus of government enterprises."

The NIPA “current surplus or deficit” of the Federal Government thus measures the Government’s direct contribution to the Nation’s net saving (given the definition of investment that is employed). The 1999 Federal Government current account surplus was increased \$2 billion by including depreciation rather than gross investment, because depreciation of federally owned structures, equipment, and software was less than gross investment. The 2001 Federal current account surplus is estimated to be increased \$16 billion.³⁸ A capital budget is not needed to capture this effect.

Borrowing to Finance a Capital Budget

A further issue raised by a capital budget is the financing of capital expenditures. Some have argued that the Government ought to balance the operating budget and borrow to finance the capital budget—capital expenditures less depreciation. The rationale is that if the Government borrows for net investment and the rate of return exceeds the interest rate, the additional debt does not add a burden onto future generations. Instead, the burden of paying interest on the debt and repaying its principal is spread over the generations that will benefit from the investment. The additional debt is “justified” by the additional assets.

This argument is at best a justification to borrow to finance *net* investment, after depreciation is subtracted from *gross* outlays, not to borrow to finance *gross* investment. To the extent that capital is used up during the year, there are no additional assets to justify additional debt. If the Government borrows to finance *gross* investment, the additional debt exceeds the additional capital assets. The Government is thus adding onto the amount of future debt service without providing the additional capital that would produce the additional income needed to service that debt.

This justification, furthermore, requires that depreciation be measured in terms of the current replacement cost, not the historical cost. Current cost depreciation is needed in order to measure all activities in the budget on a consistent basis, since other outlays and receipts are automatically measured in the prices of the current year. Current cost depreciation is also needed to obtain a valid measure of net investment. This requires that the addition to the capital stock from new purchases and the subtraction from depreciation on existing assets both be measured in the prices of the same year. When prices change, historical cost depreciation does not measure the extent to which the capital stock is used up each year.

As a broad generalization, Tables 6–11 and 6–13 suggest that this rationale would not currently justify a great deal of Federal borrowing, if any at all, under the two capital budgets roughly illustrated in this chapter. For *Federal capital*, Table 6–11 indicates that current cost depreciation is more than gross investment for Federal capital—the capital budget surplus is \$4 billion. The rationale of borrowing to finance net invest-

ment would not justify the Federal Government borrowing at all to finance its investment in Federal capital; instead, it would have to repay this amount of debt (\$4 billion). For *national capital*, Table 6–13 indicates that current cost depreciation (plus the excise taxes earmarked to finance capital expenditures for highways and airports and airways³⁹) is less than gross investment but not by a great deal—the capital budget deficit is \$38 billion. The rationale of borrowing to finance net investment would justify the Federal Government borrowing this amount (\$38 billion) and no more to finance its investment in national capital.⁴⁰

Even with depreciation calculated in current cost, the rationale for borrowing to finance net investment is not persuasive. The Federal Government, unlike a business or household, is responsible not only for its own affairs but also for the general welfare of the Nation. To maintain and accelerate national economic growth and development, the Government needs to sustain private investment as well as its own national investment. For more than a decade, however, net national saving has been low, both by historical standards and in comparison to the amounts needed to meet the challenges expected in the decades ahead.

To the extent that the Government finances its own investment in a way that results in lower private investment, the net increase of total investment in the economy is less than the increase from the additional Federal capital outlays alone. The net increase in total investment is significantly less if the Federal investment is financed by borrowing than if it is financed by taxation, because borrowing primarily draws upon the saving available for private (and State and local government) investment whereas much of taxation instead comes out of private consumption. Therefore, the net effect of Federal investment on economic growth would be reduced if it were financed by borrowing. This would be the result even if the rate of return on Federal investment was higher than the rate of return on private investment. For example, if a Federal investment that yielded a 15 percent rate of return crowded out private investment that yielded 10 percent, the net social return would still be positive but it would only be 5 percent.⁴¹

From its outset, this Administration has taken major steps to increase the saving available for private investment while also increasing Federal investment for national capital. During the past seven years, the large deficit has been replaced by a substantial surplus, and available resources have been shifted to investment in education and training and in science and technology. The present budget proposes to continue to run substantial surpluses, paying down the debt to make room for financing private investment, while protecting high

³⁹The capital budget deficit would be about \$27 billion larger if current cost depreciation were used instead of earmarked excise taxes for investment in highways and airports and airways.

⁴⁰This discussion abstracts from non-budgetary transactions that affect Federal borrowing requirements, such as changes in the Treasury operating cash balance and the net financing disbursements of the direct loan and guaranteed loan financing accounts. See chapter 12 of this volume, “Federal Borrowing and Debt,” and the explanation of Table 12–2.

⁴¹GAO considered deficit financing of investment but did not recommend it. See *Incorporating an Investment Component in the Federal Budget*, pp. 12–13.

³⁸See actuals and estimates for 1990–2001 in table 16–2 of chapter 16 of this volume, “National Income and Product Accounts.”

priority Federal investment. A capital budget is not a justification to relax the budget constraints that are contributing to this accomplishment. Any easing would

undo the gains from achieving a surplus that have already been achieved and the further gains from the proposals in this budget.

PART V: SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

The Federal Capital Investment Program Information Act of 1984 (Title II of Public Law 98-501; hereafter referred to as the Act) requires that the budget include projections of Federal physical capital spending and information regarding recent assessments of public civilian physical capital needs. This section is submitted to fulfill that requirement.

This part is organized in two major sections. The first section projects Federal outlays for public physical capital and the second section presents information regarding public civilian physical capital needs.

Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending is defined here to be the same as the "major public physical capital investment" category in Part I of this chapter. It covers spending for construction and rehabilitation, acquisition of major equipment, and other physical assets. This section excludes outlays for human capital, such as the conduct of education and training, and outlays for the conduct of research and development.

The projections are done generally on a current services basis, which means they are based on 2000 enacted appropriations and adjusted for inflation in later years. The current services concept is discussed in Chapter 14, "Current Services Estimates."

Federal public physical capital spending was \$118.6 billion in 1999 and is projected to increase to \$154.4 billion by 2009 on a current services basis. The largest components are for national defense and for roadways and bridges, which together accounted for almost two-thirds of Federal public physical capital spending in 1999.

Table 6-14 shows projected current services outlays for Federal physical capital by the major categories specified in the Act. Total Federal outlays for transportation-related physical capital were \$31.0 billion in 1999, and current services outlays are estimated to increase to \$45.3 billion by 2009. Outlays for nondefense housing and buildings were \$11.3 billion in 1999 and are estimated to be \$15.6 billion in 2009. Physical capital outlays for other nondefense categories were \$22.4 billion in 1999 and are projected to be \$27.8 billion by 2009. For national defense, this spending was \$53.9 billion in 1999 and is estimated on a current services basis to be \$65.7 billion in 2009.

Table 6-15 shows current services projections on a constant dollar basis, using fiscal year 1996 as the base year.

Public Civilian Capital Needs Assessments

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

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

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

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

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

| | 1999 Actual | Estimate | | | | | | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | |
| Nondefense: | | | | | | | | | | | | |
| Transportation-related categories: | | | | | | | | | | | | |
| Roadways and bridges | 22.8 | 25.5 | 27.2 | 28.1 | 28.7 | 29.2 | 29.8 | 30.5 | 31.1 | 31.7 | 32.3 | |
| Airports and airway facilities | 3.9 | 3.8 | 3.8 | 4.1 | 4.1 | 4.3 | 4.4 | 4.5 | 4.6 | 4.6 | 4.8 | |
| Mass transportation systems | 4.0 | 4.3 | 4.5 | 5.2 | 5.7 | 6.4 | 6.8 | 7.0 | 7.2 | 7.4 | 7.5 | |
| Railroads | 0.3 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | |
| Subtotal, transportation | 31.0 | 34.3 | 36.1 | 38.0 | 39.2 | 40.6 | 41.6 | 42.6 | 43.6 | 44.5 | 45.3 | |
| Housing and buildings categories: | | | | | | | | | | | | |
| Federally assisted housing | 7.0 | 7.6 | 8.0 | 7.7 | 8.0 | 8.7 | 8.9 | 9.2 | 9.1 | 9.0 | 9.1 | |
| Hospitals | 1.3 | 1.4 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.1 | 2.1 | 2.2 | |
| Public buildings ¹ | 3.0 | 3.5 | 3.6 | 3.6 | 3.8 | 3.8 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 | |
| Subtotal, housing and buildings | 11.3 | 12.5 | 13.5 | 13.2 | 13.7 | 14.5 | 14.8 | 15.2 | 15.2 | 15.3 | 15.6 | |
| Other nondefense categories: | | | | | | | | | | | | |
| Wastewater treatment and related facilities | 2.5 | 2.9 | 3.1 | 3.4 | 3.6 | 3.8 | 3.9 | 3.9 | 4.0 | 4.0 | 4.1 | |
| Water resources projects | 2.8 | 3.8 | 3.4 | 3.3 | 3.5 | 3.6 | 3.7 | 3.8 | 3.8 | 3.9 | 4.0 | |
| Space and communications facilities | 3.6 | 3.2 | 3.1 | 3.6 | 3.6 | 3.9 | 3.6 | 3.9 | 4.0 | 3.9 | 3.9 | |
| Energy programs | 1.1 | 1.1 | 1.0 | 1.0 | 1.1 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | |
| Community development programs | 5.4 | 5.6 | 5.6 | 5.8 | 5.9 | 6.0 | 6.0 | 6.1 | 6.2 | 6.3 | 6.4 | |
| Other nondefense | 7.1 | 7.7 | 7.3 | 6.9 | 7.1 | 7.6 | 7.8 | 8.0 | 8.2 | 8.4 | 8.6 | |
| Subtotal, other nondefense | 22.4 | 24.1 | 23.5 | 24.0 | 24.8 | 25.9 | 25.9 | 26.5 | 27.0 | 27.3 | 27.8 | |
| Subtotal, nondefense | 64.8 | 71.0 | 73.1 | 75.2 | 77.6 | 80.9 | 82.3 | 84.3 | 85.8 | 87.1 | 88.7 | |
| National defense | 53.9 | 53.3 | 56.1 | 57.7 | 60.2 | 61.8 | 63.3 | 61.9 | 63.1 | 64.4 | 65.7 | |
| Total | 118.6 | 124.3 | 129.2 | 132.9 | 137.8 | 142.8 | 145.6 | 146.2 | 148.9 | 151.4 | 154.4 | |

¹ Excludes outlays for public buildings that are included in other categories in this table.

Table 6-15. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING
(In billions of constant 1996 dollars)

| | 1999 Actual | Estimate | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 |
| Nondefense: | | | | | | |
| Transportation-related categories: | | | | | | |
| Roadways and bridges | 21.8 | 23.7 | 24.7 | 24.9 | 24.7 | 24.6 |
| Airports and airway facilities | 3.8 | 3.6 | 3.6 | 3.7 | 3.7 | 3.8 |
| Mass transportation systems | 3.9 | 4.0 | 4.1 | 4.6 | 4.9 | 5.4 |
| Railroads | 0.3 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
| Subtotal, transportation | 29.8 | 32.1 | 33.0 | 33.8 | 34.0 | 34.3 |
| Housing and buildings categories: | | | | | | |
| Federally assisted housing | 6.8 | 7.1 | 7.2 | 6.8 | 6.9 | 7.3 |
| Hospitals | 1.3 | 1.4 | 1.8 | 1.8 | 1.8 | 1.8 |
| Public buildings ¹ | 3.1 | 3.5 | 3.6 | 3.5 | 3.6 | 3.5 |
| Subtotal, housing and buildings | 11.1 | 12.0 | 12.6 | 12.1 | 12.3 | 12.6 |
| Other nondefense categories: | | | | | | |
| Wastewater treatment and related facilities | 2.4 | 2.7 | 2.8 | 3.0 | 3.1 | 3.2 |
| Water resources projects | 2.8 | 3.8 | 3.4 | 3.2 | 3.3 | 3.3 |
| Space and communications facilities | 3.7 | 3.2 | 3.0 | 3.4 | 3.4 | 3.6 |
| Energy programs | 1.1 | 1.1 | 1.0 | 0.9 | 1.0 | 0.9 |
| Community development programs | 5.2 | 5.2 | 5.1 | 5.1 | 5.1 | 5.1 |
| Other nondefense | 7.1 | 7.5 | 7.0 | 6.5 | 6.6 | 6.9 |
| Subtotal, other nondefense | 22.2 | 23.4 | 22.3 | 22.2 | 22.5 | 23.0 |
| Subtotal, nondefense | 63.1 | 67.5 | 67.9 | 68.2 | 68.7 | 69.9 |
| National defense | 54.6 | 53.2 | 54.9 | 55.4 | 56.6 | 57.0 |
| Total | 117.7 | 120.8 | 122.8 | 123.5 | 125.3 | 126.9 |

¹ Excludes outlays for public buildings that are included in other categories in this table.

Significant Factors Affecting Infrastructure Needs Assessments

Highways

| | |
|---|-------------------------------|
| 1. Projected annual average growth in travel to the year 2015 | 1.96 percent |
| 2. Annual cost to maintain overall 1995 conditions and performance on highways eligible for Federal-aid | \$33.4 billion (1995 dollars) |
| 3. Annual cost to maintain overall 1995 conditions on bridges | \$5.6 billion (1995 dollars) |

Airports and Airway Facilities

| | |
|---|--|
| 1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic | 528 |
| 2. Air traffic control towers | 451 |
| 3. Airport development eligible under airport improvement program for period 1993–1997 | \$29.7 billion (\$9.4 billion for capacity) (1992 dollars) |

Mass Transportation Systems

| | |
|--|------------------------------|
| 1. Yearly cost to maintain condition and performance of rail facilities over a period of 20 years | \$6.1 billion (1995 dollars) |
| 2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities | \$3.6 billion (1995 dollars) |

Wastewater Treatment

| | |
|---|------------------------------|
| 1. Total remaining needs of sewage treatment facilities | \$128 billion (1996 dollars) |
| 2. Total Federal expenditures under the Clean Water Act of 1972 through 2000 | \$74 billion |
| 3. The population served by centralized treatment facilities: percentage that benefits from at least secondary sewage treatment systems | 98 percent |
| 4. States and territories served by State Revolving Funds | 51 |

Housing

| | |
|--|-------------|
| 1. Total unsubsidized very low income renter households with worst case needs (5.3 million*) | |
| A. In severely substandard units | 0.4 million |
| B. With a rent burden greater than 50 percent | 5.0 million |

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

Indian Health (IHS) Care Facilities

| | |
|--|--------------|
| 1. IHS hospital occupancy rates (1999) | 48.0 percent |
| 2. Average length of stay, IHS hospitals (days) (1999) | 3.9 |
| 3. Hospital admissions (1999) | 49,753 |
| 4. Outpatient visits (1998) | 4,407,000 |
| 5. Eligible population (2000) | 1,511,135 |

Department of Veterans Affairs (VA) Hospitals (1998)

| | |
|-----------------------------|-----|
| 1. Hospitals | 166 |
| 2. Ambulatory clinics | 544 |
| 3. Domiciliaries | 40 |
| 4. Vet centers | 206 |
| 5. Nursing homes | 132 |

Water Resources

Water resources projects include navigation (deepwater ports and inland waterways); flood and storm damage protection; irrigation; hydro-power; municipal and industrial water supply; recreation; fish and wildlife mitigation, enhancement, and restoration; and soil conservation.

Potential water resources investment needs typically consist of the set of projects that pass both a benefit-cost test for economic feasibility and a test for environmental acceptability. In the case of fish and wildlife mitigation or restoration projects, the set of eligible projects includes those that pass a cost-effectiveness test.

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7. RESEARCH AND DEVELOPMENT FUNDING

Investments in scientific discovery and technological development—both public and private—have driven economic growth and improvements in the quality of life in America for long as our Nation has existed. In the last 50 years, developments in science and technology have generated at least half of the Nation's productivity growth, creating millions of high-skill, high-wage jobs and leading to advances in the economy, national security, the environment, transportation and medical care. Federal government support for science and technology has helped put Americans on the moon, boosted agricultural productivity, harnessed the atom, devised more effective treatments for cancers, tracked weather patterns and earthquake faults, and deciphered the chemistry of life.

Because technological advances are key to progress and economic growth, in 1993 President Clinton took office committed to expanding Federal investment in civilian research and development. The President's economic strategy relied upon the critical element of investing in people and proposed targeted investments to help the Nation compete in the global economy and improve our quality of life.

The Administration's support for R&D has been essential to the flow of innovative ideas, which have resulted in everything from the discovery of the first multi-planet system beyond our own to unraveling human, plant and microbial genomes, a critical step in understanding the function of genes, and, in turn, potentially treating and curing diseases that are now beyond the reach of medical science. Investments in science and technology can bring us breakthroughs in the areas of the environment, health, national security, and more, including, for example: fuel economies that are double those of today; a strong defense that continually hones its technological edge; and fundamental research that may be able to unlock the answers to some of the most basic questions: why cells age and die, how human beings learn and remember information, and whether there is life on other planets.

Over the last several years, private industry has expanded its support for research and development, but most of these efforts focus on bringing new products to market rather than funding the basic research that can lead to break-through applications in a wide range of fields. By supporting fundamental research that can provide the foundation for tomorrow's technologies, the Federal Government can act as a catalyst for these breakthroughs. Federal investment in basic research increased by nearly 45 percent from 1993 to 2000, with emphasis on health research. The budget proposes

\$20.3 billion to advance a balanced portfolio in basic research, an increase of \$1.3 billion, or 7 percent, over 2000.

Basic university-based research plays a special role in the development of scientific advances. The competitive grants process upon which university research relies fosters innovation and expands scientific frontiers. At the same time, these research grants provide a training ground for the next generation of scientists and engineers. Funding support for universities has grown to roughly \$17.8 billion, a 53 percent increase, since 1993. Funding the academic researcher through a peer-reviewed, merit-based competitive process is the Federal government's strategy for pursuing the most promising long-term research. Researchers at national laboratories, in the private sector, and at non-profit companies may also be funded through such a competition. In 2001, \$28.2 billion in research funds will be awarded through a peer-reviewed, merit-based competitive process.

Other processes for allocating research dollars are appropriate in special cases. For example, agencies may decide that they wish to spearhead research in a particularly risky, but highly promising, field that can further the agency's mission. Agency program managers with in-depth knowledge and expertise are likely to have the best judgement for making such decisions. One example of this approach is the National Science Foundation, where program managers may award up to 5 percent of their funds through "Small Grants for Exploratory Research," which are made at the program manager's discretion, without peer review. In other agencies, there are well-known centers of excellence at the national laboratories, where there are unique capabilities. An agency may determine that maintaining and exploiting this excellence requires long-term financial stability for expensive world-class machines that will ultimately benefit many researchers.

In the appropriations process, Congress may require awards to be made to a single performer or collection of performers without competitive selection. This Congressional direction may be established in law, report language, or by other means. As a result of a recommendation in the National Science and Technology Council's report on the Government-University Partnership, agencies have reported the amount of funding that was awarded through such Congressional direction. The Administration is in the process of developing consistent measures across Federal agencies for these latter two categories of research, in order to publish the data in the 2002 budget.

The tables below provide data on Federal spending for research and development. Table 7-1 shows agency-by-agency spending on basic and applied research, development, and equipment and facilities. Table 7-2

shows agency-by-agency spending for two initiatives of the National Science and Technology Council, which are required by statute.

Table 7-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING

(Budget authority, dollar amounts in millions)

| | 1999 Actual | 2000 Estimate | 2001 Proposed | Dollar Change: 2000 to 2001 | Percent Change: 2000 to 2001 |
|---|---------------|---------------|---------------|--------------------------------|---------------------------------|
| By Agency | | | | | |
| Defense | 38,850 | 38,719 | 38,640 | -79 | 0% |
| Health and Human Services | 15,797 | 18,063 | 18,998 | 935 | 5% |
| National Aeronautics and Space Administration | 9,715 | 9,753 | 10,035 | 282 | 3% |
| Energy | 6,992 | 7,091 | 7,655 | 564 | 8% |
| National Science Foundation | 2,702 | 2,903 | 3,464 | 561 | 19% |
| Agriculture | 1,645 | 1,773 | 1,828 | 55 | 3% |
| Commerce | 1,084 | 1,073 | 1,152 | 79 | 7% |
| Interior | 786 | 585 | 731 | 146 | 25% |
| Transportation | 670 | 648 | 679 | 31 | 5% |
| Veterans Affairs | 644 | 655 | 655 | 0 | 0% |
| Environmental Protection Agency | 500 | 584 | 590 | 6 | 1% |
| Education | 205 | 233 | 271 | 38 | 16% |
| Other | 752 | 664 | 635 | -26 | -4% |
| TOTAL | 80,342 | 82,744 | 85,333 | 2,589 | 3% |
| Basic Research | | | | | |
| Defense | 1,082 | 1,175 | 1,230 | 55 | 5% |
| Health and Human Services | 8,642 | 9,857 | 10,422 | 565 | 6% |
| National Aeronautics and Space Administration | 1,981 | 1,947 | 1,895 | -52 | -3% |
| Energy | 2,228 | 2,242 | 2,379 | 137 | 6% |
| National Science Foundation | 2,330 | 2,512 | 3,000 | 488 | 19% |
| Agriculture | 634 | 692 | 740 | 48 | 7% |
| Commerce | 39 | 39 | 52 | 13 | 33% |
| Transportation | 42 | 46 | 69 | 23 | 50% |
| Environmental Protection Agency | 57 | 58 | 76 | 18 | 31% |
| Veterans Affairs | 263 | 268 | 268 | 0 | 0% |
| Interior | 50 | 61 | 63 | 2 | 3% |
| Education | 2 | 2 | 2 | 0 | 0% |
| Other | 118 | 128 | 132 | 4 | 3% |
| SUBTOTAL | 17,468 | 19,027 | 20,328 | 1,301 | 7% |
| Applied Research | | | | | |
| Defense | 3,064 | 3,383 | 3,087 | -296 | -9% |
| Health and Human Services | 4,998 | 5,728 | 5,935 | 207 | 4% |
| National Aeronautics and Space Administration | 2,306 | 2,365 | 2,817 | 452 | 19% |
| Energy | 1,810 | 1,913 | 2,174 | 261 | 14% |
| National Science Foundation | 147 | 164 | 193 | 29 | 18% |
| Agriculture | 743 | 807 | 821 | 14 | 2% |
| Commerce | 799 | 770 | 834 | 64 | 8% |
| Transportation | 368 | 384 | 477 | 93 | 24% |
| Environmental Protection Agency | 401 | 387 | 377 | -10 | -3% |
| Veterans Affairs | 365 | 370 | 370 | 0 | 0% |
| Interior | 418 | 482 | 486 | 4 | 1% |
| Education | 141 | 150 | 165 | 15 | 10% |
| Other | 355 | 290 | 290 | 0 | 0% |
| SUBTOTAL | 15,915 | 17,193 | 18,026 | 833 | 5% |
| Development | | | | | |
| Defense | 34,423 | 33,913 | 33,937 | 24 | 0% |
| Health and Human Services | 1,919 | 2,229 | 2,408 | 179 | 8% |
| National Aeronautics and Space Administration | 5,092 | 5,093 | 4,920 | -173 | -3% |
| Energy | 2,003 | 2,036 | 2,163 | 127 | 6% |
| National Science Foundation | 0 | 0 | 0 | 0 | NA |
| Agriculture | 109 | 109 | 118 | 9 | 8% |
| Commerce | 137 | 106 | 176 | 70 | 66% |
| Transportation | 161 | 145 | 171 | 26 | 18% |
| Environmental Protection Agency | 96 | 93 | 84 | -9 | -10% |

Table 7-1. FEDERAL RESEARCH AND DEVELOPMENT SPENDING—Continued

(Budget authority, dollar amounts in millions)

| | 1999 Actual | 2000 Estimate | 2001 Proposed | Dollar Change: 2000 to 2001 | Percent Change: 2000 to 2001 |
|---|---------------|---------------|---------------|--------------------------------|---------------------------------|
| Veterans Affairs | 16 | 17 | 17 | 0 | 0% |
| Interior | 25 | 24 | 34 | 10 | 42% |
| Education | 62 | 81 | 104 | 23 | 28% |
| Other | 259 | 225 | 189 | -36 | -16% |
| SUBTOTAL | 44,302 | 44,071 | 44,321 | 250 | 1% |
| Facilities and Equipment | | | | | |
| Defense | 281 | 248 | 386 | 138 | 56% |
| Health and Human Services | 238 | 249 | 233 | -16 | -6% |
| National Aeronautics and Space Administration | 336 | 348 | 403 | 55 | 16% |
| Energy | 951 | 900 | 939 | 39 | 4% |
| National Science Foundation | 225 | 227 | 271 | 44 | 19% |
| Agriculture | 159 | 165 | 149 | -16 | -10% |
| Commerce | 109 | 158 | 90 | -68 | -43% |
| Transportation | 215 | 10 | 14 | 4 | 40% |
| Environmental Protection Agency | 116 | 110 | 142 | 32 | 29% |
| Veterans Affairs | 0 | 0 | 0 | 0 | NA |
| Interior | 7 | 17 | 7 | -10 | -59% |
| Education | 0 | 0 | 0 | 0 | NA |
| Other | 20 | 21 | 24 | 3 | 14% |
| SUBTOTAL | 2,657 | 2,453 | 2,658 | 205 | 8% |

NA = Not applicable.

Table 7-2. AGENCY DETAIL OF MAJOR INITIATIVES

(Budget authority, dollar amounts in millions)

| | 1999 Actual | 2000 Estimate | 2001 Proposed | Dollar Change: 2000 to 2001 | Percent Change: 2000 to 2001 |
|--|--------------|---------------|---------------|--------------------------------|---------------------------------|
| Information Technology R&D* | | | | | |
| National Science Foundation | 393 | 517 | 740 | 223 | 43% |
| Energy (Defense—Advanced Strategic Computing Initiative) | 301 | 397 | 477 | 80 | 20% |
| Energy (Civilian programs) | 139 | 120 | 190 | 70 | 57% |
| Defense | 215 | 282 | 397 | 115 | 41% |
| Health and Human Services | 118 | 191 | 233 | 42 | 22% |
| National Aeronautics and Space Administration | 106 | 174 | 230 | 56 | 32% |
| Commerce | 25 | 36 | 44 | 8 | 22% |
| Environmental Protection Agency | 4 | 4 | 4 | 0 | 0% |
| TOTAL | 1,301 | 1,721 | 2,315 | 594 | 35% |
| U.S. Global Change Research Program | | | | | |
| National Aeronautics and Space Administration | 1,155 | 1,173 | 1,149 | -24 | -2% |
| National Science Foundation | 182 | 187 | 187 | 0 | 0% |
| Energy | 114 | 120 | 123 | 3 | 2% |
| Commerce | 63 | 67 | 93 | 26 | 39% |
| Agriculture | 52 | 53 | 85 | 32 | 60% |
| Health and Human Services | 40 | 46 | 48 | 2 | 4% |
| Interior | 27 | 27 | 25 | -2 | -7% |
| Environmental Protection Agency | 17 | 21 | 23 | 2 | 10% |
| Smithsonian Institution | 7 | 7 | 7 | 0 | 0% |
| TOTAL | 1,657 | 1,701 | 1,740 | 39 | 2% |

*Merges both the High Performance Computing and Communications program and the Information Technology Initiative (IT²).

8. CREDIT AND INSURANCE

Federal programs offer direct loans and/or loan guarantees for a wide range of activities, primarily housing, education, business, and exports. At the end of 1999, there were \$234 billion in Federal direct loans outstanding and \$976 billion in guaranteed loans. The Federal Government also insures bank, thrift, and credit union deposits up to \$100,000, guarantees private vested defined-benefit pensions, and insures against disasters, specified international investment risks, and various other risks.

In addition, the net loans outstanding of Government-sponsored enterprises (GSEs)—privately owned companies and cooperatives that operate under Federal charters—totaled \$2.4 trillion, including asset-backed securities guaranteed by the GSEs. GSEs are chartered to carry out specified public purposes through financing activities in the housing, education, and agriculture sectors. GSEs are not part of the Federal Government, however, and their securities are not federally guaranteed. By law, the GSEs' securities carry a disclaimer of any U.S. obligation. Congress has authorized the Secretary of the Treasury, at his discretion, to purchase up to \$2.25 billion of obligations issued by Fannie Mae and Freddie Mac, up to \$4 billion by the Federal Home Loan Bank System, and up to \$1 billion by Sallie Mae. Farmer Mac may sell up to \$1.5 billion of its obligations to Treasury under specified, limited conditions.

These diverse programs and GSEs are operating in the context of an accelerating evolution of financial markets that is generating many new risks, as well as new opportunities. Federal program managers will need to reassess their roles and improve their effectiveness to adapt to dynamic market conditions.

The introduction to this chapter summarizes key changes in financial markets and their effects on Federal programs.

- The first section is a crosscutting assessment of the rationale for a continued Federal role in providing credit and insurance, performance measures for credit programs, and criteria for re-engineering credit programs so as to enhance their benefits in relation to costs.
- The second section reviews Federal credit programs and GSEs in four sectors: housing, education, business and community development, and exports. It notes the rationale and goals of these programs and the related activities of the GSEs.
- The final section assesses recent developments in Federal deposit insurance, pension guarantees, and disaster insurance.

Evolving Financial Markets

The Financial Services Modernization Act, signed November 12, 1999, replaces a legal structure created in

the Great Depression with one that is more appropriate to the rapidly changing and integrated financial markets of today. The Act repeals restrictions on bank affiliation with securities firms and removes the remaining statutory limitations on the financial activities allowable in banking organizations for qualified bank holding companies. It permits securities and insurance agency activities to be conducted in bank and financial holding company subsidiaries, municipal securities underwriting to be conducted in a national bank or in bank subsidiaries, and merchant banking and insurance underwriting to be conducted in financial holding company subsidiaries.

The financial sector has already undergone substantial change. The number of banking organizations has shrunk by a quarter in the last decade and is roughly half the level 20 years ago. Consolidation has raised the share of industry assets at the 100 largest banks to 70 percent in 1998 from about 50 percent in the mid-1980s. With easing restrictions over the years, interstate banking and branching have become nationwide, and 51 securities affiliates are operating in bank holding companies. International lending by U.S. commercial banks resumed growth in the early 1990s following large losses on developing country loans in the 1980s, but has become increasingly concentrated in large banks. Meanwhile, U.S. banking assets of foreign banks have grown from 12 percent of all U.S. commercial banking assets in 1980 to a 23–25 percent share during the 1990s.

Financial innovation and integration have enabled funds to flow more readily to their most productive uses across the country and around the world. Capital market financing is available to smaller companies and for a broader range of purposes than before. Specialized financial firms and nonfinancial firms, particularly suppliers, are helping to funnel funds from capital markets to small clients in cities and in rural areas. Venture capital providers and sub-prime lenders are fueling the growth of new businesses. Data on small business lending show that institutions outside the local community have become an important source of credit for many businesses.

The 1990s have been a time of robust growth in mortgage markets; the net change in home mortgages rose from \$180 billion in 1995 to \$424 billion in the second quarter of 1999. Federal Reserve staff estimate that about 40 percent of the growth in outstanding home mortgage debt during the past five years financed the extraction of home equity. Secondary markets are the main source of financing for mortgages, and a rapidly growing source of financing for household durables, consumer credit, and small business loans.

Both intermediaries—banks and the many nonbank firms engaged in financial services—and capital markets have been reaching out to new clients that they did not serve a few years ago. Massive data bases and increasingly sophisticated analytical methods are finding creditworthy borrowers among people and businesses previously unlikely to receive private credit. Faster and cheaper information and communications systems also have revolutionized “back office” functions. These have been consolidated to achieve economies of scale and located anywhere in the world where capable workers are available. From these locations, satellite communications can bring the “back office” to any desktop computer. From a timely information base, credit servicing and workout have become much more efficient.

While the increased globalization of financial institutions and capital markets provides extensive benefits, it also makes domestic market conditions more sensitive to events abroad. In 1997 and 1998, the Asian crisis and further events in Russia and Brazil resulted in a flight to liquidity and safety. Market conditions also worsened in 1998 when a heavily exposed hedge fund required a capital contribution from major lenders to avoid bankruptcy and further market disruption. These events drove down U.S. Treasury bond yields dramatically, and raised rates on all but the highest quality corporate bonds. Some credit markets were temporarily disrupted; related to this was an increase in business borrowing from banks, rather than directly from capital markets. Less-creditworthy borrowers faced higher rates or were temporarily unable to find funds.

Conditions returned to near normal liquidity during 1999, but rate spreads between most private loans and securities and Treasury debt remained abnormally high. Problem loans at banks have increased about 70 percent compared with 1998, and banks have tightened underwriting standards. As a result of these experiences, awareness of the potential for discontinuities in financial markets has increased.

Impact on Federal Programs

These changes are affecting the roles, risks, and operations of Federal credit and insurance programs.

The Federal Role

In most lines of credit and insurance, the private market efficiently allocates resources to meet societal demands, and Federal intervention is unnecessary. However, Federal intervention may improve on the market outcome in some situations. The following are six standard situations where this may be the case¹,

- In some cases, private credit and insurance markets may evolve sufficiently to take over functions previously left to Federal programs. More likely, they may take away the best risks among those who have been borrowing from the Government or with its guarantee, leaving Federal programs facing a smaller pool of riskier clients. If the Government is aware of this in time, the result may be new benefit/cost calculations that might help to redesign—or to end—a particular program. If the Government is caught unaware, the result may be greater cost for taxpayers.
- At the same time, managers of Federal programs can take advantage of the growing private capability. With careful attention to the incentives faced by the private sector, they can develop a variety of partnerships with private entities. And they can contract with the private sector wherever it can provide specific credit servicing, collection, or asset disposition services more efficiently.

Insurance programs, too, are affected by the evolution of the financial marketplace. That is most obvious for deposit insurance. It now backs a recovered industry, but one with an increasing concentration of “large complex banking organizations” that have assumed the risks inherent in providing a growing array of increasingly sophisticated services, including many off-balance sheet activities, often on a worldwide basis. Regulators face challenges ranging from the complexity of assessing the risks of evolving financial services firms to the continuing need to monitor for fraud. In pensions, the Government guarantees defined benefit plans, but their role is diminishing as defined contribution plans attract the support of younger workers in an aging workforce. This trend may accelerate as the retirement of the baby boom generation nears. In disaster insurance, private firms are gaining a better understanding of their risks and exploring ways to diversify them in capital markets.

In this changing environment for Federal credit and insurance programs, this chapter asks three questions. First, what is our current understanding of the roles of these programs? Second, how well are they achieving their goals? And finally, could they be re-engineered to achieve greater benefits in relation to costs?

I. A CROSS-CUTTING ASSESSMENT

together with some examples of Federal programs that address them.

- *Information failures* occur when there is an asymmetry in the information available to different agents in the marketplace. A common Federal intervention in such cases is to require the more knowledgeable agent, such as a financial institution, to provide certain information to the other party, for example, the borrower or investor. A different sort of information failure occurs when the private market deems it too risky to develop a new financial instrument or market. This is rare

¹Economics textbooks also list pure public goods, like national defense, where it is difficult or impossible to exclude people from sharing the full benefits of the goods or services once they have been produced. It is hard to imagine credit or insurance examples in this category.

nowadays, but it is worth remembering that the Federal Government developed the market for amortized, fixed-rate mortgages and other innovations in housing finance.

- *Externalities* occur when people or entities either do not pay the full cost of their activities (e.g., pollution) or do not receive the full return. Federal credit assistance for students is justified in part because, although people with more education are likely to have higher income and better health, these individuals do not receive the full benefits of their education. Their colleagues at work, the residents of their community, and the citizens of the Nation also benefit from their greater knowledge and productivity.
- *Economic disequilibrium* is a third rationale for Federal intervention. This is one rationale for deposit insurance. If many banks and thrifts are hurt simultaneously by an economic shock, such as accelerating inflation in the 1970s, and depositors have a hard time knowing which ones may become insolvent, deposit insurance prevents a contagious rush to withdraw deposits that could harm the whole economy.
- *Failure of competition*, resulting from barriers to entry, economies of scale, or foreign government intervention, may also argue for Federal intervention—for example, by reducing barriers to entry, as has often been done recently, by negotiating to eliminate or reduce foreign government subsidies, or by providing countervailing Federal credit assistance to American exporters.
- *Incomplete markets* occur if producers do not provide credit or insurance even though customers might be willing to pay for it. One example would be catastrophic insurance, where there is a small risk of a very large loss; a disaster that occurred sooner rather than later could bankrupt the insurer even if premiums were set at an appropriate level to cover long-term cost. Another example is caused by “moral hazard” problems, where the borrower or insured could behave so as to take advantage of the lender or insurer. This is the case for pension guarantees, where sponsors might underfund plans, and for deposit insurance, where banks might take more risk to earn a higher return. In these cases, the Government’s legal and regulatory powers provide an advantage in comparison with a private insurer.
- In addition to correcting market failures, Federal credit programs are often used to *redistribute resources* by providing subsidies from the general taxpayer to disadvantaged regions or segments of the population.

In reviewing its credit and insurance programs, the Federal Government must continually reassess whether the direct and indirect benefits to the economy exceed the direct and indirect costs. This assessment should include the costs associated with redirecting scarce resources away from other investments. In some situa-

tions, the market may have recently become capable of providing financial services, and older Federal programs may need to be modified or ended to make room for private markets to develop. Private providers in similar circumstances might go bankrupt, merge, or change their line of business; for Federal programs, a policy decision and usually a change in law are needed to eliminate overcapacity. In other instances, Federal programs may be redesigned to encourage the development of private credit market institutions or to target Federal assistance more efficiently to groups still unable to obtain credit and insurance in the private market.

What Are We Trying to Achieve?

If the main Federal role is to provide credit and insurance that private markets would not provide—to stretch the boundaries in providing credit and insurance—the Federal goal is to achieve a net impact that benefits society. Together, these objectives make the standard for success of a Federal credit or insurance program more daunting than for a private credit or insurance firm.

For credit and insurance, as for all other programs, implementation of the Government Performance and Results Act (GPRA) will help to assess whether programs are achieving their intended results in practice—and will improve the odds for success. GPRA requires agencies to develop strategic plans in consultation with the Executive Branch, the Congress, and interested parties; this process should refine and focus agency missions. The strategic plans set long-range goals, annual performance plans set milestones to be reached in the coming year, and annual performance reports measure agency progress toward achieving their goals.

GPRA defines four kinds of measures for assessing programs: inputs (the resources used), outputs (the goods or services produced), outcomes (the gross effects on society achieved by the program), and net impacts (the effects net of those that would have occurred in the absence of the program, e.g., with private financing). For credit and insurance programs, interesting interrelationships among these measures provide the keys to program success.

Net impacts assess the net effect of the program on intended outcomes compared with what would have occurred in the absence of the program. They exclude, for example, effects that would have been achieved with private credit in the absence of the program. Among the net impacts toward which Federal credit programs strive are: a net increase in home ownership, a net increase in higher education graduates, a net increase in small businesses, a net increase in exports, and a net increase in jobs.

For credit programs, the first key to achieving any of these net impacts is outreach. In the spirit of the Federal role, program managers need to identify borrowers who would not get private credit. They need to reach out to underserved populations (e.g., low-income or minority people) and neighborhoods (urban and

rural). They need to encourage the start-up of new activities (e.g., beginning farmers, new businesses, new exporters). They need to reach their legislatively targeted populations (e.g., students, veterans). Federal lending is often to higher-risk borrowers, or for higher-risk purposes. In order to assist certain target groups or encourage certain activities, credit may be extended for longer periods or at a lower cost to the borrower.

Achieving program objectives, however, also means finding ways to assist those borrowers at the boundary of private credit markets to repay their loans. This is not just a financial goal; it is necessary to achieve the program's social purpose. Home ownership requires mortgage repayment. Education that enhances income is associated with repayment of student loans. Remaining in business with a good credit rating requires repayment of small business, farm, and export loans. And loan repayment is inherent in program cost-effectiveness. Moreover, when the Federal Government bears risk for less-creditworthy borrowers and does so in a way that fails to assist them to repay, they struggle with high debt burdens and are left with poor credit records.

Implementation of the Federal Credit Reform Act of 1990 gave Federal credit program managers the incentive to reconcile the tension between helping certain groups or purposes and "businesslike" financial management. With the implementation of GPRA, they may begin to see program success and financial success as two facets of the same goal. The challenge is usually to identify "boundary" borrowers and to structure the loan and its servicing (including technical assistance) so as to pull those borrowers toward financial and programmatic success. In some cases, savings from improved credit program management may be reinvested to pull more borrowers across that boundary.

Outputs and outcomes, therefore, have an interrelationship which is crucial to the performance of credit programs. The most obvious output of Federal credit programs is the number and value of direct loans originated or loans guaranteed. But volume alone does not achieve the objectives of Federal credit programs; indeed, a large volume or market share may mean that private lenders are displaced. Loans must have certain characteristics in order to achieve the desired outcomes and net impacts; these characteristics are therefore part of the desired program output.

The narrow Federal role means output measures should include an estimate of the percent of loans or guarantees originated going to borrowers who would otherwise not have access to private credit, and the percent of loans or guarantees originated going to specific target groups (e.g., veterans) or for specific purposes. Because of the Federal goal, output measures should include the percent of loans or guarantees that are current. This should be compared with the percent that were expected to be current at this point in the repayment cycle.

To assess the latter, program data should be analyzed to determine whether repayment prospects are en-

hanced by particular characteristics of loan structure (such as higher initial borrower equity), of loan origination (such as verifying borrower financial status), of loan servicing (such as prompt counseling), or of guarantee conditions (such as lender risk-sharing). When such characteristics help to control the cost of credit programs and to achieve desired outcomes, then these characteristics should be measured as part of the program's output.

The linkage between such output characteristics and the outcomes of Federal credit programs is not always fully recognized. For example, one desired outcome is to reach underserved populations or neighborhoods. To achieve this outcome, it would be useful to monitor whether loans are going to borrowers who would not otherwise have access to credit, or to specific target groups. Other desired outcomes include supporting investment important to the economy, encouraging start-up of new activities, or contributing to sustained economic development. To achieve these outcomes, it would be useful to monitor whether the program's loans and operating procedures have characteristics that would enhance borrower repayment.

Inputs. The true cost of credit and insurance guarantees may also be considered a performance measure. For credit and insurance programs, it is a continuing challenge to understand and control the risks that the Government assumes and to measure the inherent cost. This is especially important in view of the rapid changes in financial markets discussed above and the increasingly complex financial instruments.

The subsidy cost of Federal credit programs, cumulated over time for each cohort of the program's loans or loan guarantees, is the main input. Another is the administrative cost of the program, including the cost of credit extension, direct loan servicing and guaranteed loan monitoring, collecting on delinquent loans and collateral, and other administrative costs such as policy making or systems development.

The relationship between these inputs is also crucial for credit programs. Careful servicing of loans, for example, can reduce default costs, and perhaps total program costs. So good servicing is good financial management for the taxpayer. But good servicing is also an art, which can—by assisting borrowers to repay—help to achieve the program's performance objectives. Private servicing of loans offers many examples of the gains from matching repayment to the borrower's flow of income, treating borrowers in different circumstances differently, and in other ways maximizing the borrower's chances to make good.

In sum, there are three relationships that seem to hold the key to excellence in credit program performance: the relationship between repayment and the achievement of program objectives, the relationship between the characteristics of credit program outputs and desired outcomes, and the relationship between subsidy cost and good servicing and program administration. Another important key to success is the speed with which the program adapts to market changes, including

its ability to provoke or harness private markets into meeting Federal goals.

Principles for Re-engineering

In order to improve the effectiveness of Federal credit programs, OMB will be working with agencies to identify ways to re-engineer credit management. This effort will focus on improving servicing, will consider consolidation of functions such as data collection and asset disposition, will rely on the private sector when that would improve efficiency, will devise incentives to improve management and reduce cost, and will ensure the development of data for management and subsidy estimation.

The focus will be on managing the servicing, workout, and sale of any collateral efficiently. For example, why does the Federal Government pay claims on guaranteed loans and handle the workout, instead of leaving this to the originating lender? Why does the Government

take over collateral? How do the timing and results of our asset disposition compare with private practice? Why do we make loans to finance purchases of collateral? What incentives and penalties would be useful for programs and program staff? For guaranteed loan originators? For contractors who service Federal loans or dispose of collateral?

OMB has developed a tentative set of principles for re-engineering credit programs that builds on OMB Circular A-129 and initial research. These will be modified by lessons learned as they are put into practice. The resulting principles are intended to improve the performance of Federal credit programs in the years ahead. Because private markets are extending credit where it was formerly unavailable, and because there is little purpose to re-engineering programs which are not justified, these principles start with basic questions of program justification. But their main focus is on how programs should be carried out.

Program Justification

1. *Credit assistance should be provided only when it has been demonstrated that private credit markets cannot achieve clearly defined Federal objectives.* What is the objective? Is access to private credit available? If not, why not? If so, is there a reason why private terms and conditions should be supplemented or subsidized? To what extent?
2. *Credit assistance should be provided only when it is the best means to achieve Federal objectives.* Can private credit markets be developed? Can market imperfections be overcome by information, regulatory changes, or other means? Would small grants for down payments, capitalization for State, local, or non-profit revolving funds, or other approaches be more efficient?
3. *Credit assistance should be provided only when its benefits exceed its cost.* Analyze benefits and costs in accordance with OMB Circular A-94.

Program Design

4. *Credit programs should minimize substitution of public for private credit.* What features of program design minimize displacement? Encourage and supplement private lending? To what extent is credit for this objective expanded by this program compared with what would be available in the absence of the program? What is the economic cost of the lending bumped from the credit queue?
5. *Credit programs should stretch their resources and better meet their objectives by controlling the risk of default.* What features of program design minimize risk? Are there incentives and penalties for loan originators and servicers to minimize risk? What features of the loan contract, the process of origination, the quality of servicing, and the workout procedures minimize risk? Do borrowers have an equity interest? Is maturity shorter than the economic life of the asset financed? Are the timing and amount of payment matched with availability of resources? Is timely reminder and technical assistance provided? How well is risk understood, measured, and monitored?
6. *Credit programs should stretch their resources to better meet their objectives by minimizing cost; most should be self-sustaining.* Do fees and interest cover the Government's cost, including administration? Are interest rates specified as a percent of market rates on comparable maturity Treasury securities? Are charges for riskier borrowers proportional to their higher cost?

Program Operations

7. *Credit programs should take advantage of the capacity, flexibility, and expertise available in competitive private markets unless the benefits of direct Federal operations can be shown to exceed the cost.* Private financial institutions may offer convenient access for borrowers, potential for graduation to private credit, economies of scale, ready adjustment to changing volume or location of loans, and knowledge of current credit conditions and techniques.

8. *The lender (in the case of a loan guarantee), the servicer, and the providers of workout and asset disposition services should have a stake in the successful and timely repayment of the loan or collections on claims and collateral.* Originators of guaranteed loans should bear a share of each dollar of default loss, and unless other arrangements can be shown to be more cost-effective should be responsible for handling workouts. Each contract should include incentives for good performance, and penalties, including loss of business, for poor performance. The duration and scope of each contract or agreement should be limited so as to maximize specialization and competition, unless those are offset by economies of scale in operations and monitoring.
9. *Criteria should be established for participation in Federal loan guarantee programs by lenders, servicers, and providers of workout and asset disposition services.* These criteria should include financial and capital requirements for lenders and servicers not regulated by a Federal financial institution regulatory agency, and may include fidelity/surety bonding and/or errors and omissions insurance, qualification requirements for officers and staff, and requirements of good standing and performance in relation to other contracts and debts. Lenders transferring and/or assigning servicing, and lenders or servicers transferring and/or assigning workout or asset disposition, must use only entities which have qualified under the Federal participation criteria.
10. *When there are economies of scope or scale, the data gathering and analysis, servicing, workout, asset disposition, or other functions of specific credit programs should be combined or coordinated.* The sequence of operations should be streamlined, and accountability for each step clearly defined.

Program Monitoring

11. *Each program should maintain or receive monthly loan-by-loan transaction data and a system whereby this information triggers servicing, workout, and follow-up actions.* These data shall be linked by loan number to an analytical database showing characteristics of loans, borrowers, projects financed, financial information, credit ratings, and other data in a form suitable for use in subsidy estimation and loan pricing.
12. *Each program should design and carry out steps to foresee problems, and to inspect, audit, and assess the program's operations.* Methods should be benchmarked against the best practices used elsewhere. The program and its lenders, servicers, and other contractors should experiment with and assess ways in which the effectiveness or efficiency of the program might be improved or costs reduced.

The Federal Credit Policy Working Group

A Federal Credit Policy Working Group Task Force, led by OMB and the Department of the Treasury's Financial Management Service, last year made recommendations for revising OMB Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," which elucidates the above principles. OMB Circular A-129 provides guidance to agencies on budget and legislative policies to ensure effective credit programs, and prescribes agencies' responsibilities in managing all non-tax receivables so that debts owed to the Federal Government are collected efficiently. The major credit agencies reviewed Government-wide policy guidance on credit extension, receivables management, and delinquent debt collection. The revision of A-129 will

be issued by OMB in 2000. Significant changes clarify credit budgeting guidance, reflect the requirements of the Debt Collection Improvement Act of 1996, require sale of seriously delinquent debt that is not referred to Treasury or to Justice for collection, and revise write-off procedures for seriously delinquent accounts.

To help implement this guidance, GSA created a Financial Asset Services Multiple Award Schedule with 52 contracts from which agencies can readily acquire help in portfolio management. Available services include overall management for an asset sale, account servicing, post-sale analyses, and review of credit reform analyses. Agencies using private sector advisors have included Treasury, Education, Navy, Housing and Urban Development, and the Small Business Administration.

II. CREDIT IN FOUR SECTORS

Housing Credit Programs and GSEs

The Federal Government provides loans and loan guarantees to expand access to home ownership to people who lack the savings, income, or credit history to qualify for a conventional home mortgage and to finance rental housing for low-income persons. The De-

partments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA) supported \$177 billion of loan and loan guarantee commitments in 1999, helping nearly two million households. Roughly one out of six single-family mortgages origi-

nated in the United States receives assistance from one of these programs.

- HUD's Federal Housing Administration (FHA) operates the Mutual Mortgage Insurance Fund which insured \$113 billion in mortgages for 1.2 million households in 1999. Over 80 percent of FHA's home purchase mortgages went to first-time homebuyers.
- The VA assists veterans, members of the Selected Reserve, and active duty personnel to purchase homes as a recognition of their service to the Nation. The program substitutes the Federal guarantee for the borrower's down payment. In 1999, VA provided \$44 billion in guarantees to 396,399 borrowers.
- USDA's Rural Housing Service (RHS) guarantees up to 90 percent of an unsubsidized home loan. The program's emphasis is on reducing the number of moderate income rural residents living in substandard housing. In 1999, \$3 billion of guarantees went to 39,752 households (2.8 percent of which went to low income borrowers). The Budget includes a legislative proposal to increase the premium charged on the RHS single family guaranteed loans from one to 2 percent, which would allow RHS to provide more loans at less cost to the taxpayers.

In addition, RHS offers a single-family direct loan program and both direct and guaranteed multi-family mortgages, along with supporting rural housing assistance grants. FHA insures mortgages for multi-family housing and other specialized properties. The VA provides financing to the public ("vendee" or direct loans) when it sells property acquired from defaults. These direct loans are, in turn, pooled and sold as securities.

Housing Finance Challenges and Opportunities

Private banks, thrifts, and mortgage bankers, which originate the mortgages that FHA insures and VA and RHS guarantee, may deal with all three programs, as well as with the Government National Mortgage Association (Ginnie Mae, an agency of the Department of Housing and Urban Development), which guarantees timely payment on securities based on pools of these mortgages. In addition, the same private firms originate conventional mortgages, many of which are securitized by Government-sponsored enterprises—the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

Many of these firms already use or are moving toward electronic loan origination and automated underwriting. Behind such underwriting are data warehouses that show default experience by type of loan, borrower characteristics, home location, originator, and servicer, and models relating these factors to default cost. These technological developments offer challenges and opportunities to the Federal mortgage guarantors and Ginnie Mae. Federal credit program managers are challenged to make programs electronically accessible to their clients and loan originators. They are motivated to assess

and monitor their risks more closely as private firms are reaching out to the better risks among their potential clients. They also have an opportunity to provide better service at a lower cost, to target their efforts to help borrowers retain their homes, and to reach further to bring affordable housing and home ownership opportunities to those who are not currently served.

The Housing Credit Consortium. In 1998, the FHA, VA, and RHS housing credit programs and Ginnie Mae formed The Federal Housing Credit Consortium to adapt to the rapid development of electronic underwriting and other technological developments in the private mortgage market. The Consortium's role is to keep abreast of changes in the housing credit market, accelerate adoption of best practices, and establish common standards where possible.

The Consortium members are currently working to create a prototype data-sharing capability through which all members will have access to integrated data on program and borrower characteristics, lender and loan performance. It will provide timely, easily retrievable information, giving managers the ability to monitor the changing risk and cost of guarantees and the performance of guaranteed loan originators and servicers. By analyzing information from the data warehouse and by sharing information with each other and the private sector, the Consortium will seek to improve loan origination, performance measurement, risk sharing and pricing, and asset disposition.

The Consortium is working with Ginnie Mae to integrate and enhance Ginnie's two databases for use by all Consortium members. Ginnie's databases, the Issuer Portfolio Analysis Database System (IPADS) and the Correspondence Portfolio Analysis Database System (CPADS), receive monthly data from issuers of mortgage-backed securities, and monitor current performance by loan, originator, servicer, mortgage pool, security, and security issuer. Performance can be tracked and compared, taking account of differences by region, economic conditions, size and type of business, and age of portfolio. The vast majority of the FHA and VA loans are placed in Ginnie Mae's Mortgage-Backed Securities program. About 65 percent of RHS's single-family loans is also placed in Ginnie Mae pools. Thus, although the current analytical system is designed to fill Ginnie Mae's needs, the same data produced by the system is useful to all three Federal programs. For example, CPADS enables FHA and VA to monitor and assess how well the firms that originate and service the loans they guarantee are performing. Ginnie Mae has shared CPADS with FHA and VA for many years. RHS continued its partnership with Ginnie Mae in 1999, and now has access to loan and lender performance data to analyze RHS loan guarantees.

Ginnie Mae has committed to making enhancements to IPADS/CPADS that will provide additional benefits to all three loan guarantee programs. IPADS and CPADS were integrated last year and an initial round of enhancements will be implemented this year. Further enhancements are planned in the future to enable

the agencies to monitor and respond effectively to technological, institutional, and financial developments in the residential mortgage market.

Loan Origination. Electronic underwriting provides convenient, faster service at a lower cost to both lenders and borrowers. Both FHA and VA now permit mortgage lenders to use approved automated underwriting systems, including Freddie Mac's "Loan Prospector" and Fannie Mae's "Desktop Underwriter," to originate these loans. FHA also has approved the pmiAURAsm system and is developing its own "universal" mortgage scorecard to be used on all FHA approved automated underwriting systems.

In 1999, RHS developed an Internet-based system that will, with future planned enhancements, provide the capacity to accept electronic loan originations from their participating lenders. Using electronic loan origination will significantly improve loan processing efficiency and timeliness for both RHS and the lenders. RHS is also exploring using automated underwriting and credit scoring. These improvements will be implemented as soon as possible, but complete adoption is several years away.

Performance Measurement. Measuring loan servicing performance establishes a baseline for assessing changes to servicing practice. Monthly data will not only give housing programs a better understanding of how their guarantee portfolios behave, but also how the federally guaranteed housing market as a whole performs. This information is critical for developing effective performance standards.

FHA has created a loss mitigation program that scores lender performance on loss mitigation annually and provides financial incentives to lenders to hold down mortgage defaults and minimize FHA claim and property disposition costs relative to other lenders in each FHA insuring district. FHA processed over 20,000 new loss mitigation claims (partial claims, special lender forbearance, and loan recashing) in 1999. These options allowed families to stay in their homes, rather than have the properties go to pre-foreclosure sale or foreclosure, and provided significant savings to FHA.

VA plans aggressive intervention to reduce the likelihood of foreclosure when loans are referred to VA after missing three payments, in order to help veterans retain their homes and avoid the expense and damage to their credit from foreclosure. VA was successful in 37 percent of their 1998 interventions, and their goal is to increase that to 40 percent in 2001.

RHS reviews at least 10 percent of the loans serviced by state-based lenders every two years. If deficiencies in loan servicing or underwriting are noted, the lender is requested to take corrective action; its eligibility will be terminated if it does not comply. Since 1998, RHS has commissioned external audits of its largest nationally based loan servicers. The audits focus on both loan origination and loan servicing requirements. These audits have helped to pinpoint program weaknesses contributing to loan delinquencies. In addition, they serve

to alert and train servicers on RHS guidelines and reporting requirements.

Managing Risk. Risk-based pricing is emerging in the conventional mortgage market as an important means by which lenders can take on more risk. Technology is giving lenders much more precise ability to assess the initial default risk associated with making a particular loan. This increasingly precise underwriting technology, in turn, allows lenders and insurers to adjust fees or loan rates and/or raise insurance premiums to reflect risk and loan cost accurately. Federal loan guarantee programs will need to assess the impact of private sector customization on their loan portfolios, and may need to adopt a similar pricing structure or face adverse selection and larger losses. Currently, premiums are fixed in statute and vary only slightly with one dimension of risk, the initial loan-to-value ratio. FHA has mitigated some of the risk on its adjustable-rate mortgages by tightening the underwriting standards to require borrowers to qualify at one percent above the initial rate and to prohibit interest rate buy downs.

Asset Disposition. Common wisdom in the mortgage industry is to avoid foreclosure because that process involves significant losses, including costs for maintenance and marketing. Managers of Federal guarantee programs have found that the best practice is to allow the more experienced private sector to foreclose on, manage, and dispose of properties.

RHS already operates under the "best practice" for asset disposition. The lender is paid the loss claim, including costs incurred for up to six months after the default. After the loss claim is paid, RHS has no involvement in the loan, and it becomes the sole responsibility of the lender. In 2001, RHS will shorten the loss claim period from six months to three months through regulatory changes to encourage lenders to dispose of properties as efficiently as possible.

In 1999 Congress passed legislation giving new authority to FHA to pay claims prior to foreclosure, thereby allowing FHA to pass along defaulted notes to the private sector for servicing and/or disposition. When fully implemented, this new authority will reduce foreclosures and, for properties that do go into foreclosure, this new authority will greatly reduce the time such properties remain on the market. In the meantime FHA has turned over management and marketing of most of its single family properties to contractors, who, within the first six months of the contracts, are providing encouraging levels of returns on claims and timely turnaround on these properties.

VA is continuing its efforts to reduce administrative costs through restructuring, consolidations, and a study of its property management function. The study, which will be completed at the end of fiscal year 2000, will determine whether it would be cost effective to contract property management activities.

RHS Direct Loans

RHS provides subsidized single-family direct loans to very-low- and low-income borrowers unable to get credit elsewhere to purchase, rehabilitate, or repair homes. The most recent and on-going servicing improvement effort is the implementation of the Dedicated Loan Origination Service System (DLOS), which centralizes the servicing of the 502 Direct Loan program. DLOS, along with two regulations implemented between 1996 and 1997, reduced RHS's direct loan subsidy rate by 40 percent.

RHS also offers direct loans to private developers to construct and rehabilitate multi-family rental housing for very-low- to low-income residents, elderly households, or handicapped individuals. It provided \$114 million in direct loans in 1999, which will finance 2,100 units for very-low-income tenants. RHS committed \$75 million in loan guarantees for multi-family housing in 1999. The loan level is proposed to increase to \$200 million for 2001, financing 3,200 new units for low- to moderate- income tenants. The cost of this program is primarily due to the subsidized interest component because expected default rates are low. The Budget includes a legislative proposal to remove the requirement to provide subsidized interest on these loans; this would result in a negative subsidy. The Budget also provides \$45 million, a 20 percent increase over 2000, for the farm labor housing program (\$30 million in loans; \$15 million in grants) as part of USDA's civil rights initiative, which will provide an estimated 925 units for minority farm workers and their families.

Fannie Mae and Freddie Mac

Fannie Mae and Freddie Mac, the largest Government-sponsored enterprises (GSEs), are required by their charters to increase the liquidity of mortgage funds. They carry out this function by purchasing residential mortgages in the secondary market and funding these purchases by issuing mortgage-backed securities (MBS) and debt. As of September 1999, Fannie Mae and Freddie Mac had \$2.0 trillion outstanding in mortgages that they had purchased or guaranteed. Of this, \$835 billion was retained in the GSEs' portfolios, and \$1.2 trillion was issued as MBSs (excluding MBSs held in portfolio).

As the dominant firms in the secondary mortgage market, the GSEs tend to set the standards for the entire mortgage industry. Their business activities also have a significant impact on the primary mortgage market; together, the two firms purchased 43 percent of all single-family mortgages originated in 1998.

The Federal Housing Enterprises Safety and Soundness Act of 1992 reformed Federal regulation of Fannie Mae and Freddie Mac. The Act created the Office of Federal Housing Enterprise Oversight (OFHEO) to conduct safety and soundness examinations and enforce minimum and risk-based capital requirements on Fannie Mae and Freddie Mac. OFHEO has solicited public comment on an extensive range of issues related to a risk-based capital regulation in two Notices of Pro-

posed Rulemaking (NPRs). The comment period for the second risk-based capital NPR closes on March 10, 2000. After OFHEO has reviewed the comments on both NPRs, it will publish the final risk-based capital regulation or revise its proposal. The risk-based capital regulation will become enforceable one year after the final regulation is published.

In recent years, the GSEs' rapid growth in earnings has been accompanied by even more rapid growth of their debt-financed holdings of mortgage assets. From September 1997 to September 1999, outstanding retained GSE holdings grew 76 percent in dollar volume. Increased retained portfolios may imply increased interest rate exposure. In recent years, both Fannie Mae and Freddie Mac have tried to limit the interest rate risk on their portfolios. However, hedges do not eliminate all risk of funding long-term, mostly fixed-rate assets with uncertain payment streams. Implementation of an appropriate risk-based capital regulation should help ensure that potential losses associated with these risks are manageable.

The average credit quality of loans owned or guaranteed by the GSEs has remained steady in recent years. The performance of existing loans has benefitted from strong housing markets that have improved collateral values, and the credit risk to the GSEs from new or outstanding loans is limited by their extensive use of mortgage insurance and other credit enhancements. Although both GSEs are increasingly active purchasers of subprime loans (A-minus and Alt-A), outstanding volumes remain very small relative to their overall size. Risks on such loans are mitigated somewhat by higher fees and credit enhancements.

Under the 1992 Act and their Federal charters, Fannie Mae and Freddie Mac have an affirmative obligation to promote access to mortgage credit for low- and moderate-income families and in underserved areas. Accordingly, the Secretary of Housing and Urban Development (HUD) establishes affordable housing goals for the GSEs. The current goals, which have been in effect since 1997, require each GSE to devote:

- 42 percent of its mortgage purchases to finance dwelling units that are affordable by low- and moderate-income families (Low- and Moderate-Income Housing Goal);
- 24 percent of its purchases to finance units in central cities, rural areas, and other metropolitan areas with low and moderate median income and high concentrations of minority residents (Geographically Targeted Goal); and
- 14 percent of its purchases to finance units that are special affordable housing for very-low-income families and low-income families living in low-income areas (Special Affordable Housing Goal).

Fannie Mae and Freddie Mac have met or exceeded these goals in each year. New affordable housing goals for the GSEs for the years 2000 through 2003 would be set by a proposed rule that HUD is publishing for public comment. In this proposed rule, after a transition period, the level of the Low- and Moderate-Income

Housing Goal would be 50 percent; the level of the Geographically Targeted Goal would be 31 percent; and the level of the Special Affordable Housing Goal would be 20 percent.

If the trend toward bank consolidation continues, the resulting fewer, larger banks may have somewhat more market power than they have today in negotiating with the GSEs over guarantee fees and fees for automated underwriting services. Fannie Mae and Freddie Mac may also see increased competition from the Federal Home Loan Bank System. However, the GSEs' advantages in financing a retained mortgage portfolio were not affected by the financial modernization legislation enacted in 1999. Thus, the GSEs likely will remain each other's main competition.

Another set of challenges is posed by the firms' own growth and earnings targets, which create significant market expectations for future performance, including continued record earnings. Once implemented, OFHEO's risk-based capital requirements may also affect the GSEs.

Federal Home Loan Bank System

The Federal Home Loan Bank System (FHLBS) was established in 1932 to provide liquidity to home mortgage lenders. The FHLBS carries out this mission by issuing debt and using the proceeds to make secured loans, called advances, to its members. Member institutions primarily secure advances with residential mortgages and other housing related assets.

The Financial Services Modernization Act of 1999 repealed the requirement that federally chartered thrifts be members of the FHLBS. Membership will be open to federally chartered and state-chartered thrifts, commercial banks, credit unions, and insurance companies on a voluntary basis. As of September 30, 1999, 7,226 financial institutions were FHLBS members, an increase of 420 over September 1998. About 72 percent of members are commercial banks, 22 percent are thrifts, and the remaining 6 percent are credit unions and insurance companies. However, nearly 47 percent of outstanding FHLBS advances were held by federally chartered thrifts as of September 30, 1999.

The FHLBS reported net income of \$2.0 billion for the year ending September 30, 1999, up from \$1.6 billion in the previous 12 months. System capital rose from \$21 billion to \$27 billion, but the ratio of capital to assets fell from 5.4 percent to 5.1 percent. Average return on equity was about 7.3 percent, after adjustment for payment of interest to the Resolution Funding Corporation (REFCORP). Outstanding advances to members reached \$367 billion at September 30, 1999, a 48 percent increase over the \$246 billion outstanding a year earlier.

The Financial Services Modernization Act requires the System to adopt a risk-based capital structure, and it changed the FHLBS's annual payment toward the interest payments on bonds issued by the REFCORP from \$300 million annually to 20 percent of net earnings. The FHLBS are also required by law to pay

the greater of 10 percent of net income or \$100 million to the Affordable Housing Program (AHP) and to provide discounted advances for targeted housing and community investment lending through a Community Investment Program (CIP). The need to generate income to meet these obligations and provide a return to members was behind the substantial increase in the System's investment activity in recent years.

The FHLBS' exposure to credit risk on advances has traditionally been virtually nonexistent. All advances to member institutions are collateralized, and the FHLBS can call for additional or substitute collateral during the life of an advance. No FHLBS has ever experienced a loss on an advance.

Unlike the System's advance activities, its investment activities, including certain "pilots," do create certain risks. To control the System's risk exposure, the Federal Housing Finance Board (FHFB), the System's regulator, has established regulations and policies that the FHLBS must follow to evaluate and manage their credit and interest rate risk. FHLBS must file periodic compliance reports, and the FHFB conducts an annual on-site examination of each FHLBS. Each FHLBS's board of directors must establish risk management policies that comport with FHFB guidelines.

The FHLBS hold \$1.8 billion in assets in pilot projects, approximately one-half of one percent of total System assets. The pilots offer members an alternative way of granting credit, which will be evaluated by the FHFB in 2000. In one pilot, the FHLBS finance the loans and assume the interest-rate and prepayment risks, while the members originate and service the loans and assume most of the credit risk. All assets held by a FHLBS under this pilot are required, pursuant to the terms of the program, to be credit enhanced to at least the level of an investment grade security.

The FHLBS's investment activities pose an important public policy issue regarding the degree to which their asset composition adequately reflects the mission of the System. However, over the last year, outstanding advances increased by six percentage points in relation to the System's outstanding debt. As of September 30, 1999, about 56 percent of advances outstanding had a remaining maturity of greater than one year; that is down slightly from last year's level of 61 percent, but up from the 40 percent level two years ago. Although System investments other than advances rose to \$155 billion, as a percentage of total assets, they fell to 29 percent on September 30, 1999. A year earlier, investments stood at \$136 billion, or 35 percent of total assets. Non-advance investments are used to conduct extensive arbitrage; like other GSEs, the System issues debt securities at close to U.S. Treasury rates and invests the proceeds in higher yielding securities. In fact, in 1999 the FHLBS issued \$3.1 trillion in debt securities. However, the majority of debt issued by the System is overnight or short-term, and total debt outstanding was about \$477 billion at the end of 1999.

An enormous, liquid, and efficient capital market exists for conventional home mortgages today. As a result of increasing Government Sponsored Enterprise (GSE) and Federal agency sponsorship of secondary markets and the increasing presence of private securitizers, lenders have access to substantial liquidity sources, in

addition to FHLBS advances, for financing home mortgages. However, the Financial Services Modernization Act increases access to the FHLBS for community financial institutions with \$500 million or less in assets and permits advance borrowing that provides funds for small businesses, farms, and agri-businesses.

Education Credit Programs and GSEs

Student Loans

The Department of Education helps to finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Student Loan (Direct Loan) program. Eligible institutions of higher education may choose to participate in either program. Loans are available to students and their parents regardless of income. Borrowers with low family incomes are eligible for higher interest subsidies.

In 2001, more than 6 million borrowers will receive 9.4 million loans totaling nearly \$42 billion. Of this amount, \$33 billion is for new loans, and the remainder is to consolidate existing loans. Loan levels have risen dramatically over the past 10 years as a result of rising educational costs, higher loan limits, and more eligible borrowers.

The Federal Family Education Loan program provides loans through a complex administrative structure involving over 4,100 lenders, 36 State and private guaranty agencies, 50 participants in the secondary market, and over 4,000 participating schools. Under FFEL, banks and other eligible lenders loan private capital to students and parents, guaranty agencies insure the loans, and the Federal Government reinsures the loans against borrower default. In 2001, FFEL lenders will disburse more than 6 million loans exceeding \$26 billion in principal. Lenders bear two percent of the default risk, and the Government and guaranty agencies are responsible for the remainder. The Department also makes administrative payments to guaranty agencies and pays interest subsidies to lenders.

The William D. Ford Direct Student Loan program was authorized by the Student Loan Reform Act of 1993 to enable students and parents to obtain and repay loans more easily than under the FFEL program. Under Direct Loans, the Federal Government provides loan capital directly to nearly 1,300 schools, which then disburse loan funds to students—greatly streamlining loan delivery for students, parents, and schools. In 2001, the Direct Loan program will generate more than 3.2 million loans with a total value in excess of \$15 billion. The program offers a variety of flexible repayment plans including income-contingent repayment, under which annual repayment amounts vary based on the income of the borrower and payments can be made over 25 years.

Reform proposals. The Administration is proposing a number of reforms to the guaranteed loan system that will ensure that financial returns to program par-

ticipants are both reasonable and equitably distributed, improve the efficiency of loan default collection efforts, and return unneeded funds to the Federal Treasury. Proposed changes are estimated to save \$3.8 billion over five years.

As part of the Ticket to Work and Work Incentive Improvement Act of 1999, the basis for interest subsidies to FFEL lenders was changed from the 91-day Treasury bill—the instrument upon which student interest rates are based—to 3-month commercial paper rates. This change, opposed by the Administration and a number of higher education organizations, was portrayed by both its congressional sponsors and advocates in the lending community as not increasing lender returns. In fact, the change increases lender yields in two ways. Under current economic forecasts, Federal interest subsidies to lenders are actually 11 basis points higher than they would have been under the previous formula. In addition, the move to commercial paper also reduces lender costs by 20 basis points by eliminating the need for hedging—insurance against future interest rate changes. In order to reestablish the cost-neutrality of the change to commercial paper, the Administration is therefore proposing to reduce lender subsidies by a total of 31 basis points.

In addition, the Administration is proposing to eliminate interest subsidy payments on FFEL loans funded through tax-exempt securities that are currently subject to a 9.5 percent interest rate floor. Lenders with access to tax-exempt financing have a lower cost of funds than their private competitors; the proposed elimination of Federal interest subsidies on loans subject to this unnecessary floor provision will bring the return on tax-exempt-funded loans roughly in line with those realized on loans funded with private capital.

The Administration is proposing to improve the management and collection of defaulted loans through two new initiatives. First, the amount guaranty agencies may retain on default collections will be reduced from 24 percent to 18.5 percent—approximately the rate paid on loans collected by the Department of Education through competitively awarded contracts. This will provide the guaranty agencies greater incentive to increase collections on defaulted loans in order to bolster revenues. Second, the Administration proposes to further reduce guaranty agency retention to 12 percent for collections stemming from the consolidation of defaulted loans, the Department's cost for similar loans, reflecting the lower cost associated with this type of collection.

Beginning in 2001, all guaranty agencies will be able to participate in voluntary agreements created by the

Higher Education Amendments of 1998 (HEA) to create a more flexible regulatory framework that recognizes the unique circumstances of individual agencies. For example, agencies could use these agreements to pilot streamlined or targeted default collection strategies that are not allowed under current regulations. (A small number of agencies are currently working with the Department of Education to establish pilot agreements that would go into effect during 2000.) The broad availability of these voluntary flexible agreements will reduce the need for agencies to hold Federal reserve funds; accordingly, the Administration is proposing to bring forward to 2001 recalls of \$359 million in future reserves enacted in the HEA and the Balanced Budget Act of 1997. The Administration is also proposing to recall \$950 million in surplus reserves during fiscal year 2001.

The Department of Education continues to improve program integrity and reduce default costs. The Department is taking advantage of new automated systems to review and analyze institutional eligibility information, and target its regulatory and enforcement efforts on high-risk institutions. Over the past several years, improvements in oversight and termination of schools with high default rates have led to the removal of more than 1,700 schools. This enhanced scrutiny has helped reduced the national student loan cohort default rate from 9.6 percent for 1996 to 8.8 percent for 1997, the sixth straight year of decline. This rate is the percentage of borrowers who enter repayment in a given year and for whom a default claim is paid before the end of the following year.

As one of Education's Performance Management Objectives, modernizing student aid benefit delivery is a key priority. Accordingly, the Department has converted the Office of Student Financial Assistance into the Government's first Federal performance-based organization (PBO). The PBO is designed to improve the management of all student aid programs, using its expanded procurement and contracting flexibilities. This new or-

ganization is focusing on re-engineering information systems and expanding electronic data exchange to improve customer service, enhance data quality, and lower costs. The PBO is working with students, lenders, guaranty agencies, and others to develop a strategic performance plan to address customer needs, enabling more students to gain information on Federal aid on the Internet, apply for it electronically, and have their eligibility determined quickly.

Sallie Mae

The Student Loan Marketing Association (Sallie Mae) was chartered by Congress in 1972 as a for-profit, shareholder-owned, Government-sponsored enterprise (GSE). Sallie Mae was privatized in 1997 pursuant to the authority granted by the Student Loan Marketing Association Reorganization Act of 1996. The GSE is a wholly owned subsidiary of SLM Holding Corporation and must wind-down and be liquidated by September 30, 2008. The Omnibus Consolidated and Emergency Supplemental Appropriations for 1999 allows the SLM Holding Corporation to affiliate with a financial institution upon the approval of the Secretary of the Treasury. Any affiliation will require the holding company to dissolve the GSE within two years of the affiliation date (unless such period is extended by the Department of the Treasury).

Sallie Mae makes funds available for student loans by providing liquidity to lenders participating in the FFEL program. Sallie Mae purchases insured student loans from eligible lenders and makes warehousing advances (secured loans to lenders). Generally, under the privatization legislation, the GSE cannot engage in any new business activities or acquire any additional program assets other than purchasing student loans. The GSE can continue to make warehousing advances under contractual commitments existing on August 7, 1997. Sallie Mae currently holds about one-third of all outstanding guaranteed student loans.

Business and Rural Development Credit Programs and GSEs

Small Business Administration

Over the past six years, SBA has expanded small businesses' access to credit, increasing its annual loan volume by 62 percent, from \$7.4 billion in 1993 to \$12.1 billion in 1999. This increase, across all of SBA's business credit programs, has occurred while staffing has been reduced by about 20 percent.

SBA's principal program, Section 7(a) General Business Loans, has improved access to credit for the Nation's most under-served small businesses over the last three years through several successful initiatives. The Low Documentation (LowDoc) initiative reduced the application form for 7(a) loans under \$150,000 to a single page, allowing both lenders and SBA to process loans in less than two days. The SBAExpress program (the former FA\$TRACK pilot, now permanent) allows lenders to use their own forms and procedures in exchange

for a reduced Government guarantee. These initiatives and aggressive lending goals have helped to increase loan approvals to minority- and women-owned businesses from \$1.8 billion in 1993 to \$4.6 billion in 1999.

Increasing Access to Credit

SBA is proposing several new initiatives to further expand access to credit by qualified borrowers who are unable to secure financing without Government participation.

Targeting "new markets." With the \$16.5 million appropriated in FY 2000 (contingent upon authorization), SBA proposes to target "new markets"—regions where small business growth has been very limited. The proposed initiatives will provide patient capital and technical assistance to private-sector lenders and non-

financial intermediaries in underserved inner cities and rural areas. SBA will also expand the number of participating intermediaries in the microloan program, which to date has experienced no defaults as a result of strict agency oversight, rigorous reserve requirements, and a companion technical assistance program to increase the borrower's probability of success.

Financing smaller loans. Commercial lenders frequently avoid making smaller loans due to high fixed costs per dollar lent, resulting in an access barrier for many startup firms or established firms whose financing needs do not meet the lenders' minimum thresholds. To close this access gap, SBA's 2001 request proposes to standardize the guarantee fee and to increase the guarantee percentage on loans up to \$150,000 in order to provide an incentive to lenders to make these loans. These changes would result in higher subsidy costs due to reduced fee revenue and higher claim payments in the event of default. However, SBA is also proposing a fee simplification plan which will make the combined impact of all changes subsidy rate neutral.

Integrating Private Sector Practices

Reliance on private sector partners. With its portfolio growing from \$20.7 billion in 1993 to more than \$32.5 billion in 1999, SBA has relied increasingly on private sector partners for loan servicing and liquidation. The 7(a) program, which accounted for more than 70 percent of SBA's business lending in 1999, has experienced the greatest shift to private partnership. Under the Preferred Lender Program (PLP), SBA's most experienced lenders have authority to approve, service, and liquidate SBA-guaranteed loans in exchange for a reduced guarantee. Loans approved through PLP lenders comprised 58 percent of all 7(a) loan approval dollars in 1999. SBA also requires all non-PLP lenders to service and liquidate their SBA-guaranteed loans. These policies have shifted SBA's principal role from origination and servicing to one of oversight and monitoring of private sector partners.

Need for better oversight tools. Over the past six years, SBA has significantly increased its loan portfolio, reduced staffing, and delegated its servicing and liquidating authorities to its private sector partners. During this period, commercial small business lenders have become increasingly more sophisticated in identifying credit risk, and many of them now pursue aggressive small business lending goals. This expands small businesses' access to capital, but may also concentrate higher-risk loans in SBA loan guarantee programs.

These trends reinforce SBA's need to improve oversight tools. SBA continues to struggle with antiquated financial systems. Its managers need improved access to timely and accurate analysis of portfolio trends and information on the performance of its private sector partners. To ensure that the agency meets its portfolio management responsibilities, SBA will invest \$8 million in 2000 to modernize the Agency's information systems.

An additional \$13 million is requested for 2001. This funding will allow SBA to improve internal accounting systems, recruit expertise in lender oversight, develop the necessary in-house systems to support lender monitoring, and create a centralized corporate database.

Reform initiatives. In 2000, SBA will continue to shift from loan servicing to lender oversight. Initiatives already in progress include: (1) selling all direct loans and defaulted guaranteed loans, and (2) making strategic investments in better portfolio oversight tools. This will allow SBA to focus on its goals of increasing access to credit, while relying on private lenders to perform functions where they have historically been more efficient. In conjunction with this shift in agency focus, SBA is proposing to implement a multi-year workforce transition strategy, beginning in 2000, to retrain workers in the skills needed in the SBA of the 21st Century, move employees to those functions where their skills will be most utilized, and provide retirement incentives for those employees who do not wish to participate in the transition effort.

Loan asset sales. One of the most significant events in completing the transition from loan servicing to lender oversight is SBA's sale of its current portfolio of defaulted guaranteed loans and direct loans in 1999, 2000, and 2001. In its first asset sale in 1999, SBA sold more than 4,000 loans for \$195 million—a \$90 million premium over the \$105 million that the agency estimated it would have collected if it held these loans to maturity. The portfolio included performing and non-performing 7(a) and Certified Development Companies (CDC) loans. Two sales of approximately \$1 billion each are currently scheduled for 2000; these will include 7(a), CDC and disaster assistance business and home loans. Drawing on experience of other Federal agencies, the SBA's analysis of its portfolio value stemming from its Liquidation Improvement Project, and the results of the initial asset sale, the Administration estimates that SBA's business loan assets can be sold at a gain to the Government. It is anticipated that the planned sales will also yield future operational cost savings.

USDA Rural Infrastructure and Business Development Programs

USDA provides grants, loans, and loan guarantees to communities for constructing facilities such as health-care clinics, day-care centers, and water and wastewater systems. Direct loans are available at lower interest rates for lower-income communities. The community facility programs are targeted to rural communities with fewer than 20,000 residents (fewer than 10,000 for the water and wastewater programs).

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, including cooperatives, to increase employment and diversify the rural economy. In 2001, USDA proposes to provide \$1.3 billion in loan guarantees to rural businesses, and \$50 million in direct loans. USDA's assistance to rural businesses has grown from \$100 million in 1993 to almost

\$1.2 billion in 1999. The default rate for these programs is currently low.

The 1996 Farm Bill created the Rural Community Assistance Program (RCAP). Funding for 12 USDA rural development activities was consolidated into a "performance partnership" to provide more flexibility in targeting Federal assistance to the highest-priority needs of States and localities. In 1997, Congress provided increased flexibility through three funding "streams," but blocked transfers among streams. In 1998, Congress consolidated the three streams into one RCAP account, but the 1998 through 2000 appropriation bills still did not allow transfers between funding streams. The Budget proposes \$763 million for a fully flexible RCAP.

Electric and Telecommunications Loans

USDA's rural electric and telecommunications program makes new loans to maintain existing infrastructure and to modernize electric and telephone service. Historically, the Federal risk associated with the \$40 billion loan portfolio in electric and telephone loans has been small, although several large defaults occurred in the electric program, primarily as a result of nuclear power construction loans, and \$667 million was written off in 1997. As we move into the 21st century both the telephone and electric industries are moving into a more competitive environment.

In the electric industry, increased deregulation may erode loan security and the ability of some borrowers to repay. Maintaining the goal of "affordable, universal service" is also of concern to USDA. Many rural co-operatives are by nature high cost providers of electricity, since there are fewer subscribers per line-mile than in urban areas. USDA's Rural Utilities Service (RUS) proposes to make \$1.6 billion in direct and guaranteed loans in 2001 to rural electric cooperatives, public bodies, nonprofit associations, and other utilities in rural areas for generating, transmitting, and distributing electricity. Included in this funding request is \$400 million for private sector guarantees. The demand for loans to rural electric co-operatives is expected to continue to rise as borrowers replace many of the 40-year-old electric plants.

The Distance Learning and Telemedicine program provides grants (\$25 million in 2001) and loans (\$300 million in 2001) to encourage and improve telemedicine and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. As part of the Digital Divide Initiative, RUS will create a pilot program to fund \$2 million in grants and \$100 million in Treasury rate loans in 2001 to be used in a grant/loan combination to finance installation of broadband transmission capacity (i.e. the fiber optic cable capacity needed to provide enhanced services such as the Internet or high speed modems) to and through rural communities. The other purpose for which RUS would provide a loan and grant combination would be local dial-

up Internet service to underserved areas. These funds could be targeted to communities that currently lack Internet access via a local call. Recipients of these loans and grants would be current RUS telecommunication co-ops and businesses serving rural areas and rural communities.

The Rural Telephone Bank (RTB) provides financing for rural telecommunications systems. The 2001 Budget re-proposes legislation to charter the RTB as a performance-based organization (PBO). As a PBO, the RTB would remain under the Secretary of Agriculture through majority Federal membership on the RTB Board of Directors. The RTB's managers would be required to set strategic and financial goals. A key goal would be to achieve full privatization within 10 years; the RTB would be on-budget until fully privatized.

As a PBO, the RTB would have authority to hire its own personnel, and appoint its own CEO and CFO. It could seek waivers from certain Government-wide regulations, policies, and procedures. Funding for both administrative expenses and subsidy budget authority would be provided from the RTB's retained earnings beginning in 2001. The RTB would be free to establish its interest rates or charge administrative fees and institute an essentially private governance structure, which would allow the RTB to demonstrate its ability to be financially self-sufficient. This would be the necessary stepping stone to full privatization.

Loans to Farm Operators

Farm Service Agency (FSA) direct and guaranteed operating loans provide credit to farmers and ranchers for annual production expenses and purchases of livestock, machinery, and equipment. Direct and guaranteed farm ownership loans assist producers in acquiring their farming or ranching operations.

As a condition of eligibility for direct loans, borrowers must have been denied private credit at reasonable rates and terms, or they must be beginning or socially disadvantaged farmers. Loans are provided at Treasury rates or 5 percent. As FSA is the "lender of last resort," high defaults and delinquencies are inherent in the direct loan program; over \$15 billion in direct farm loans have been written off since 1988, compared to just over \$40 billion in loans disbursed and guaranteed.

FSA-guaranteed farm loans are made to more credit-worthy borrowers who have access to private credit markets. Because the private loan originators must retain 10 percent of the risk, they exercise care in examining borrower repayment ability despite the Federal guarantee. As a result of this incentive and the difference in borrower characteristics, guaranteed farm loans have not experienced losses as high as those on direct loans.

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1999 changed portions of the servicing requirements for delinquent borrowers. A borrower who has received an FSA loan write-down or write-off may now be eligible for an additional farm operating loan when

the borrower is current under a debt reorganization plan or in certain emergency circumstances. Property acquired through foreclosure on direct loans must now be sold at auction within 105 days of acquisition, and leasing of inventory property is no longer permitted except to beginning farmers. Prior to the 1996 Farm Bill, acquired property remained in inventory on average for five years before the FSA could dispose of it.

As part of USDA's Civil Rights Initiative, a reserve of loan funding is established each year for targeted lending to socially disadvantaged farmers and ranchers. In 1999, over \$290 million in loans to socially disadvantaged producers were made, and that number is expected to more than double in 2000.

The Farm Credit System and Farmer Mac

The Farm Credit System (FCS) and the Federal Agricultural Mortgage Corporation (Farmer Mac) are GSEs that enhance credit availability for the agricultural sector. The FCS is a direct lender, financing its loans largely through bond sales in the national credit markets, while Farmer Mac facilitates a secondary market for agricultural loans. Both GSEs face a business risk exceeding that of other GSEs because their borrowers are generally dependent on a single economic sector; agriculture. The Farm Credit Banks are also geographically limited, often to areas dependent on one or a few commodities. The downturn in the agricultural economy in the 1980s led the FCS to the brink of insolvency. Legislation in 1987 provided Federal assistance to bail out the FCS and created Farmer Mac.

The Nation's agricultural sector and its lenders continue to exhibit stability in their incomes and balance sheets, thanks in part to record Government emergency assistance payments in 1999. Commodity prices remained low in 1999, and long term forecasts are for very gradual recovery. Farm income levels, including Government payments, have enabled most borrowers to maintain strong debt-to-asset ratios, and lenders to keep loan delinquencies well below problem thresholds. Farmland values gained modestly in 1999 as interest rates and inflationary expectations remain low. However, such aggregate facts mask the problems of a significant number of individual small farmers. Further, regulators have voiced concern over the extent to which credit card financing may be in use among farmers and ranchers, a statistic they are unable to monitor.

Another sign of the generally stable condition of agricultural finance is the greater share of credit provided by commercial banks. From 1986 to 1998, commercial banks' share of all farm debt increased from 24 percent to 41 percent, while the share for FCS declined from 29 percent to 26 percent. USDA direct farm loan programs went from a market share of 12 percent to 5 percent though, if adjusted for its guaranteed loans issued through private banks, that percentage would more than double. FCS is expected to maintain 1998 market share levels in 1999.

The Farm Credit System

The financial condition of the Farm Credit System banks and associations during 1999 continues an 11-year trend of improving financial health and performance. Nonperforming loans decreased to 1.5 percent of the portfolio, down from 1.6 percent in 1998. Loan volume has gradually increased since 1992, although the \$69.7 billion in September, 1999 is well below the high of over \$80 billion in the early 1980s. Increases in loan volume and declines in the cost of funds have widened the FCS's net margin between interest received and interest paid from less than one percent in 1987 to 2.75 percent in 1999.

Improved asset quality and income enabled FCS to post record capital levels: by September 30, 1999, capital stood at \$13.2 billion—an increase of 6 percent for the year, primarily as a result of retained earnings. Included in this capital are investments set aside to repay about \$600 million of the \$1.3 billion of Federal assistance provided through the Financial Assistance Corporation (FAC) due beginning in 2003. The System has adopted an annual repayment mechanism required of FCS institutions to cover the remainder. The FCS has further reduced its risk exposure by retiring all of its high-coupon long-term debt, using marginal cost loan pricing, and adopting asset/liability management practices designed to reduce its interest rate risk.

Operating risk is also being reduced. Substantial consolidation has occurred in the structure of the FCS. In January 1988, there were 12 FCS districts with 36 banks plus 376 associations; by October 1999, there were only 6 FCS districts, 7 banks, and 178 associations.

The 1987 Act established the FCS Insurance Corporation (FCSIC) to insure timely payment of interest and principal on FCS obligations. Insurance fund balances, largely comprised of premiums paid by FCS institutions, supplement the System's capital, the joint and several liability of all System banks for FCS obligations, and the Farm Credit Administration's enforcement authorities. On September 30, 1999, the Insurance Fund's net assets were \$1.3 billion, and are estimated to maintain the legally required level of at least two percent of outstanding debt in 2000.

Improvement in the FCS' financial condition is also reflected in the evaluations of FCS member institutions by the Farm Credit Administration (FCA), its Federal regulator. The FCA rates each of the System's institutions for capital, asset quality, management, earnings, and liquidity (CAMEL). At the end of 1990, 94 institutions carried the best "CAMEL" ratings of "1" or "2," and 40 were rated in the problem range of "4" or "5." By September 1999, in contrast, 180 institutions were given the top ratings, only 5 received the mid-range rating of "3," and none was rated "4." Enforcement actions to correct illegal or unsafe operations were applied to 77 institutions, with 80 percent of the FCS's assets, in 1991, but none were in effect on September 30, 1999.

FCS loans outstanding as of September 1999 were \$66 billion, up 6 percent over 1998, and representing a 34 percent increase since 1990. Loans to farmers and other eligible producers comprise 74 percent of the System's portfolio. The volume of lending secured by farm land has been generally stagnant since 1990, but farm operating loans have increased over 40 percent since 1992. Loans to finance processing, marketing, credit cooperatives, and rural utilities cooperatives accounted for 21 percent of FCS's portfolio at fiscal year-end 1999. The remaining 3 percent of the portfolio is made up of non-farm rural home loans (2 percent) and international loans (3 percent).

The System expects 1999 farm earnings to be a near-record \$48 billion, up from \$44 billion in 1998. These strong reported earnings, and farm income generally, have relied heavily on Government assistance payments in recent years. Federal payments of \$12 billion in 1998 and \$22 billion in 1999 to farmers and ranchers compensated for depressed commodity prices and declining exports. The Farm Credit System, while continuing to record strong earnings and capital growth, remains exposed to numerous risks, including concentration risk, changes in Government assistance payments, and the volatility of exports and crop prices.

Farmer Mac

Farmer Mac was established in 1987 to create and oversee a secondary market for, and to guarantee securities based on, farm real estate and rural housing loans. Since the 1987 Act, Farmer Mac's authorities have been legislatively expanded to permit it to issue its own debt securities, and to purchase and securitize the guaranteed portions of farm program, rural busi-

ness, and community development loans guaranteed by the USDA (known as the "Farmer Mac II" program). The Farm Credit System Reform Act of 1996 transformed Farmer Mac from just a guarantor of securities formed from loan pools into a direct purchaser of mortgages in order to form pools to securitize.

The 1996 Act was passed in response to a steady erosion of Farmer Mac's capital base. Revenues had not met expectations and showed no prospect of improvement. The new powers increase commercial banks' incentives to participate in Farmer Mac. However, these powers also subject the Corporation to more credit and interest rate risk. As a direct purchaser of loans with no required subordination other than a maximum 75 percent loan-to-value ratio for loans to qualify for purchase, Farmer Mac is exposed to greater risk and must set appropriate fees and level of capital reserves. Loan purchases and guarantees have both increased since the passage of the 1996 Act. Both trends indicate positive progress in the slowly developing agricultural secondary markets.

The 1996 Act gave Farmer Mac three additional years to reach its capital requirements, and two years to raise capital to \$25 million. In December 1996, Farmer Mac sold 1.4 million shares of Class C common stock, generating \$32 million of new equity. In November 1997, Farmer Mac completed its second public offering, selling 400,000 shares of Class C common stock and raising \$23 million of new equity. Farmer Mac's year-end 1999 capital is estimated to be about \$87 million—three times greater than the 1996 statutory capital requirement and fully compliant with the revised regulatory capital requirements.

International Credit Programs

Seven Federal agencies, the Departments of Agriculture, Defense, State, and Treasury and the Agency for International Development, the Export-Import Bank, and the Overseas Private Investment Corporation, provide direct loans, loan guarantees, and insurance to a variety of foreign private and sovereign borrowers.

Overall, globalization of private capital markets has led private lending to dominate officially supported direct and guaranteed credit. Aggregate net resource flows to all developing countries grew from \$152 billion in 1992 to \$275 billion in 1998. In comparison, resource flows from official direct or guaranteed credit were about the same in 1998 (\$24 billion) as in 1992 (\$25 billion).

Federal international lending agencies coordinate for consistent policy design and credit implementation to level the playing field for U.S. exporters, deliver robust support for U.S. manufactured goods, stabilize international financial markets, and promote sustainable development.

Coordination: International credit programs are coordinated through two groups to ensure consistency in policy design, and credit implementation. The Trade Promotion Coordinating Committee (TPCC), works within its membership and the Administration to develop a unified National Export Strategy to make the delivery of trade promotion support more effective and convenient for U.S. exporters.

The Interagency Country Risk Assessment System (ICRAS) standardizes the way in which agencies budget for the risk of international lending. The cost of lending by the agencies is governed by ratings and premia established by the ICRAS. These premia use assumptions about default risk in international lending based on international bond market data. The premia for 2001 have been updated to reflect more recent data. Because the eighteen months of additional bond market data captured many bonds issued or traded during the height of the global financial crisis, the risk premia increased on average by 25 percent. All else being equal, the impact of the change in premia will constrain the level of lending an agency may be able to implement. However, the practical impact of the premia

change will depend on a host of other factors such as maturity, risk mix, and fees.

For the purpose of significantly improving the U.S. Government's reporting and analysis of foreign credits, including loans, guarantees, and insurance, the Treasury Department is coordinating the development, with interagency support, of the Foreign Credit Reporting System (FCRS). The system will provide government officials with desktop internet access to cross-cutting foreign credit information for policymaking and analytical purposes. While the system is currently under development, a prototype is expected during 2000, followed by a fully operational system in 2001.

Leveling the playing field. The Federal Government provides credit to U.S. exporters to offset the subsidies that foreign governments, largely in Europe and Japan, provide their exporters usually through export credit agencies (ECAs). Although the Arrangement on Official Export Credits of the Organization for Economic Cooperation and Development (OECD) has significantly constrained direct interest rate subsidies and tied-aid grants, foreign ECAs continue to provide implicit subsidies (by charging interest rates or fees that do not fully compensate for risk).

The Export-Import Bank (Eximbank) attempts to strategically "level the playing field" and to fill gaps in the availability of private export credit. Compared to the other major ECAs, Eximbank provides the most unrestricted financing, and provides this financing in almost twice as many markets as its nearest competitor.

Supporting more manufacturing exports. In 1999, Eximbank supported exports totaling \$13 billion with a budget of \$676.5 million. Eximbank's role is important in developing markets where the international financial crisis has rolled back private finance, or in markets where there is officially supported ECA competition. The 2001 Budget proposes \$963 million in credit resources for Eximbank, an increase of \$207 million or 27 percent above its 2000 budget of \$756 million—so that Eximbank can:

- *Partially offset the higher risks and costs, of international lending.* The revised ICRAS premia recognize the risk in the marketplace, and so significantly increases the cost of lending for Eximbank, especially at the maturities and in the markets in which Eximbank is most needed.
- *Help meet the demand for financing aircraft and capital equipment exports in developing markets.* One of every four U.S. commercial aircraft is sold to an Asian airline, but commercial credit has decreased drastically because of Asia's economic problems. Eximbank currently finances 10 percent of all U.S. capital equipment exports to the developing world. More funding will allow Eximbank to provide significantly more long-term financing for exports of U.S. manufactured capital goods and aircraft.

- *Finance exports to riskier markets.* U.S. exporters increasingly seek Eximbank financing to meet the demand in riskier markets, but the higher cost of providing such financing uses a greater proportion of Eximbank's budgetary resources. Eximbank support is critical in these markets because bank financing often is unavailable, and U.S. exporters compete with government-financed foreign firms.

USDA's GSM-102 and 103 programs guarantee credit extended by private U.S. exporters and U.S. financial institutions to facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales of agricultural products. The GSM programs are targeted to countries where government guarantees are needed to counter competition from countries that offer credit through ECAs or commodity marketing boards.

Stabilizing international financial markets. In today's global economy, the health and prosperity of the American economy depend importantly on the stability of the global financial system and the economic health of our major trading partners. The United States has several ways in which it can help to stabilize world financial markets. It can provide resources on a multilateral basis through the IMF (discussed in other sections of the Budget), or through a loan provided by the Exchange Stabilization Fund (ESF).

The ESF may provide "bridge loans" to other countries in times of short-term liquidity problems and financial crises. In the past, "bridge loans" from ESF provided dollars to a country over a short period before the disbursement under an IMF loan. A package of up to \$20 billion of ESF financial support was made available to Mexico during its crisis in 1995. Such support was essential in helping to stabilize Mexican and global financial markets. Mexico paid back its borrowings under this package ahead of schedule in 1997, and the United States earned almost \$600 million in interest. There was zero subsidy cost for the United States as defined under credit reform, as the medium-term credit carried interest rates with an appropriate country risk premium built in.

The United States was also willing to provide ESF support in response to the financial crises affecting some countries such as South Korea in 1997 or Brazil in 1998. It did not prove necessary to develop an actual ESF credit facility for Korea, but the United States agreed to use up to \$5 billion from the ESF as part of a multilateral guarantee of a Bank for International Settlements credit facility for Brazil. Such support helped to provide the international confidence needed by these countries to begin the stabilization process.

Using credit to promote sustainable development. Credit has become an increasingly important tool in U.S. bilateral assistance to promote sustainable development. In 1999, OMB certified that USAID could adequately manage its credit programs as required in the 1998 Foreign Operations Appropriations Act. USAID's newest credit tool is the Development Credit Authority (DCA) that provides non-sovereign loans and

loan guarantees in cases where credit is more effective than grants to achieve sustainable development, such as more effective financial markets or reductions in global climate change-causing emissions. A consolidation of all of USAID's credit programs is requested in the 2001 Budget to create a unified Office of Development Credit. This office will encompass DCA activities as well as USAID's traditional microenterprise and urban environmental credit programs.

III. INSURANCE PROGRAMS

Deposit Insurance

Federal deposit insurance was begun in the 1930s to protect depositors against losses from failures of insured institutions. Deposit insurance also protects the Nation against widespread disruption in financial markets by reducing the probability that the failure of one financial institution will lead to a cascade of other failures. The Federal Deposit Insurance Corporation (FDIC) insures the deposits of banks and savings associations (thrifts) through separate insurance funds, the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). Deposits of credit unions are insured through the National Credit Union Administration (NCUA).

Deposits are currently insured up to \$100,000 per account. The FDIC insures over \$2.8 trillion of deposits at over 8,600 commercial banks and almost 1,700 savings institutions. The NCUA insures 10,841 credit unions with \$323 billion in insured shares.

Current Industry and Insurance Fund Conditions

The 1980s and early 1990s were a turbulent period for the bank and thrift industries, with over 1,400 bank failures and 1,100 thrift failures. The Federal Government responded with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991. These reforms, combined with more favorable economic conditions, helped to restore the health of depository institutions and the deposit insurance system. Only one thrift failed in 1999, becoming the first SAIF-member to fail since 1996. Five commercial banks failed during 1999. Eighteen credit unions with \$67 million in assets failed during 1999. The FDIC currently classifies only 80 institutions with \$8 billion in assets as "problem" institutions, compared to nearly 318 institutions with \$73 billion in assets just five years ago.

Banks have achieved record levels of earnings in recent years. As of September 30, 1999, BIF had estimated reserves of \$29 billion, 1.38 percent of insured deposits.

The earnings of the thrift industry also have improved significantly in recent years. As of September 30, 1999, SAIF's reserves reached an estimated \$10.2 billion or 1.44 percent of insured deposits. This total includes the \$978 million SAIF Special Reserve that was established on January 1, 1999, in accordance with the Deposit Insurance Funds Act (DIFA) of 1996. The

OPIC investment guarantees also support development by promoting U.S. direct investment in developing countries. This can transfer skills and technology and create more efficient financial markets. OPIC has implemented investment funds, on-lending facilities, and bond insurance—building onto its traditional political risk insurance, lending, and guarantee products.

Special Reserve has now been eliminated by the Financial Services Modernization Act of 1999.

The FDIC continues to maintain deposit insurance premiums in a range from zero for the healthiest institutions to 27 cents per \$100 of deposits for the riskiest institutions. Due to the strong financial condition of the industry and the insurance funds, 94 percent of commercial banks and 91 percent of thrifts did not pay insurance premiums in 1999.

The National Credit Union Share Insurance Fund (NCUSIF) also remains strong with assets of \$4.2 billion. Each insured credit union is required to deposit and maintain in the fund an amount equal to 1 percent of its member share accounts. In 1999, the income generated from the 1 percent deposit eliminated the need to assess an additional insurance premium, and after the end of the fiscal year, the NCUA Board approved a dividend to reduce the Fund's equity ratio to the statutory ceiling of 1.30 percent. This was the fifth consecutive year that the Fund paid a dividend to federally insured credit unions. The Board also waived premiums for 2000.

Although depository institutions and their Federal insurance funds currently are in good financial condition, the U. S. economy has experienced strong growth in recent years. This trend is unlikely to continue indefinitely. An economic downturn, international events, or other changes in the industry could put pressure on industry profits and ultimately on the deposit insurance funds. For example, the spate of mergers among large banks in the last several years has increased the probability that a failure of one of America's 25 largest banks would bankrupt the deposit insurance funds. Even in good economic times, occurrences of substantial fraud—such as the failure of First National Bank in Keystone, West Virginia, which is expected to cost the FDIC up to \$850 million to resolve—can significantly reduce the deposit funds' balances. On the other hand, the President's signature of the Financial Services Modernization Act may make future failures less likely by allowing banks to diversify their activities, though this remains to be seen.

Legislative, Judicial and Regulatory Developments

On November 12, 1999, the President signed the Financial Services Modernization Act of 1999 (P.L. 106-102), thereby making the most important legisla-

tive changes to the structure of the U.S. financial system since the 1930s. This historic Act will stimulate greater innovation and competition in the financial services industry. Specifically, the Act repeals provisions of the Glass-Steagall Act that, since the Great Depression, have restricted affiliations between banks and securities firms. It also amends the Bank Holding Company Act to remove restrictions on affiliations between banks and insurance companies. Furthermore, it grants banks significant new authority to conduct many newly authorized activities through operating subsidiaries.

The Act also ensures that the needs of all communities are met and consumer rights are protected. It preserves the significance of the Community Reinvestment Act (CRA), by requiring that financial institutions that take advantage of the new opportunities created by the Act, have a satisfactory record of meeting the needs of all the communities that they serve. Also under the Act, financial institutions must clearly disclose their privacy policies to customers up front and annually, allowing consumers to make informed choices about protecting their financial privacy. For the first time, consumers will have a right to know if their financial institution intends to share or sell their personal financial data, within the corporate family or with an unaffiliated third-party. Consumers will have the right to "opt out" of such information sharing with unaffiliated third parties.

In 1999 the National Credit Union Administration promulgated rules to implement the historic Credit Union Membership Access Act, which was signed into law in 1998. These rules will allow credit unions to accept members from multiple employers with fewer than 3,000 employees; implement prompt corrective action; and implement changes to the National Credit Union Share Insurance Fund's equity ratio calculation and dividend policies.

The Federal regulators of depository institutions (FDIC, the Federal Reserve Board, the Comptroller of the Currency, the Office of Thrift Supervision, and the NCUA) assisted banks, thrifts, and credit unions throughout the Nation in making a smooth transition to the Year 2000. During the Year 2000 transition, the Nation's payment systems functioned well, and currency supplies were adequate to meet demand. Credit cards, debit cards, checks and automated teller machines worked normally. The successful transition marks the end of three years of preparation for the century date change.

Pension Guarantees

The Pension Benefit Guaranty Corporation (PBGC) insures most defined-benefit pension plans sponsored by private employers. PBGC pays the benefits guaranteed by law when a company with an underfunded pension plan becomes insolvent. PBGC's exposure to claims relates to the underfunding of pension plans, that is, to any amount by which vested guaranteed future benefits exceed plan assets. In the near term, its loss expo-

sure results from financially distressed firms with underfunded plans. In the longer term, additional loss exposure results from firms that are currently healthy but become distressed, and from changes in the funding of plans and their investment results.

The number of plans insured by PBGC has been declining as small companies with defined benefit plans terminate them and shift to defined contribution pension arrangements such as 401(k) accounts. The number of plans with 1,000 or more participants has increased slightly since 1980. However, the number of active workers in defined benefit plans declined from 29 million in 1985 to fewer than 24 million in 1995. If the trend continues, by 2003 fewer than half of the participants in defined benefit plans will be active workers; the rest will be retirees.

In 1999, PBGC posted a positive financial position for the fourth straight year after 21 years of being in a deficit position. This was due to good economic conditions and favorable investment returns. But risk remains. That risk has been reduced somewhat by steps taken by PBGC and the Congress. Since 1990, PBGC has been working more actively to prevent and mitigate losses. Under its Early Warning Program, PBGC has negotiated 90 major settlements with companies, providing nearly \$17.5 billion in extra contributions and other protections that improved pension security for over 2 million people and reduced PBGC's future exposure. In 1995, the Early Warning Program was one of the first six Federal programs to receive an award from the Ford Foundation and Harvard's Kennedy School of Government. The program also received the National Performance Review's Hammer Award.

PBGC's single-employer program fared well in 1999, with no major terminations. Overall investment returns were positive. Strong performance in its trust funds, which are invested in equities, offset losses in its revolving funds, which are invested in U.S. Government securities. Premium revenues dropped for the third year in a row, partly reflecting a previously enacted increase in the statutory interest rate for calculating underfunding.

PBGC's multiemployer program, which guarantees pension benefits of certain unionized plans offered by several employers in an industry, remained financially strong despite a large loss from one plan. The Administration proposes to increase the maximum guarantee level on pension benefits paid to retirees in multiemployer plans for the first time since 1980. It would be increased from \$5,580 to \$12,870 per year for retirees with 30 years of service.

This Budget proposes a new and simplified defined benefit pension plan for small businesses, featuring accounts for individual participants. The new plan guarantees a known level of annual income throughout a worker's retirement years. The new plan is designed to be fully funded virtually constantly, but also would be protected by PBGC at a reduced premium. The Budget also proposes to phase-in the PBGC's variable rate premium for new plans, a lower flat-rate premium

and no variable rate premium for the first five years of new plans of small employers. In addition, the Budget proposes expanding the PBGC's missing participant program to terminating multiemployer and terminating defined contribution plans, and simplifying the guarantee rules for business owners.

Disaster Insurance

Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA). This insurance is available to property owners living in communities that have adopted and enforced appropriate floodplain management measures. Coverage is limited to buildings and their contents. Policies for structures built before a community joined the flood insurance program are subsidized by law, while policies for structures built after a community joined the NFIP are actuarially rated.

When the Federal flood insurance program was created in the early 1970s, private insurance companies, with little information on flood risks by geographic area, had deemed the risk of floods uninsurable. In response, the NFIP provided insurance coverage, required building standards and other mitigation efforts to reduce losses, and undertook flood hazard mapping to quantify the geographic risk of flooding. The program has substantially met these goals.

The flood insurance policy base increased by nearly 70,000 policies in 1999. The NFIP's "Cover America" initiative, which is a major marketing and advertising campaign, continues to increase awareness of flood insurance and educate people about the risks of floods. FEMA is using three strategies to increase the number of flood insurance policies in force: lender compliance, program simplification, and expanded marketing.

The NFIP's Community Rating System now allows policyholders in nearly 900 communities to receive discounts of at least 5 percent on their premiums by undertaking activities which will reduce flood losses, facilitate more accurate insurance rating, and promote public awareness of flood insurance and flood risk.

In 1997, the NFIP offered expanded insurance to cover increased costs of compliance, as authorized by the National Flood Insurance Reform Act of 1994. This separate coverage, which took effect May 1, 1997, allows repetitively flooded or substantially damaged structures to be rebuilt in accordance with existing floodplain management requirements. This will reduce the amount and cost of future flood damage and allow those structures to be actuarially rated.

FEMA will continue efforts to reduce future flood damage by educating Federal financial regulators about mandatory flood insurance requirements for federally related home and business loans on properties located in flood hazard areas; simplifying policy language; using mitigation insurance to allow flood victims to rebuild to code, thereby reducing future flood damage costs;

and using flood insurance premium adjustments to encourage community and State mitigation activities beyond those required by the NFIP.

The 2001 Budget proposes two additional reforms of this program. First, the Administration seeks authorization to use up to \$50 million from FEMA's Disaster Relief Fund to begin the process of purchasing and/or elevating insured properties that have flooded repeatedly over the last 10 years. This effort will ultimately result in lower claims payments. Second, the Budget includes a proposal to charge a \$12 license fee for the use of FEMA's flood hazard maps to support a multi-year program to update and modernize FEMA's inventory of floodplain maps. These maps are essential in developing appropriate risk-based flood insurance premium charges, will ensure that property owners have appropriate levels of insurance, and will result in a more actuarially sound program.

Crop Insurance

Subsidized Federal crop insurance administered by USDA assists farmers in managing yield shortfalls due to bad weather or other natural disasters. Private companies are unwilling to offer multi-peril crop insurance without Government reinsurance because losses tend to be correlated across geographic areas, and the companies are therefore exposed to large losses. For example, a drought will affect many farms at the same time. Damage from hail, on the other hand, tends to be more localized, and a private market for hail insurance has existed for over 100 years.

The USDA crop insurance program is a cooperative effort between the Federal Government and the private insurance industry. Private insurance companies sell and service crop insurance policies. The Federal Government reimburses private companies for part of the administrative expenses associated with providing crop insurance and reinsures the private companies for excess insurance losses on all policies. The Federal Government also subsidizes premiums for farmers.

A major program reform was enacted in 1994 to address a growing problem caused by the repeated provision of Federal ad hoc agricultural disaster payments. Participation in the crop insurance program had been kept low by the availability of post-event disaster aid to farmers from the Federal Government. Because disaster payments were no-cost grants, farmers had little incentive to purchase Federal crop insurance. The 1994 reform repealed agricultural disaster payment authorities and substituted a "catastrophic" insurance policy that indemnifies farmers at a rate roughly equal to the previous disaster payments. The catastrophic policy is free to farmers except for an administrative fee. Private companies sell and adjust the catastrophic portion of the crop insurance program, and also provide higher levels of coverage (which are also federally subsidized.) In 1995, 82 percent of eligible acres participated in the program—140 percent more than in 1994. However, the 1996 Farm Bill eliminated the requirement that farmers participating in USDA's commodity programs

carry crop insurance, and participation dropped in 1997 to an estimated 61 percent of eligible acres. That number increased to 67 percent in 1999 due to the crop insurance purchase requirement attached to disaster benefits provided in 1999. That requirement is in place for just two years and 61 percent is considered the average expected participation level absent such requirements.

The 1996 Farm Bill significantly changed USDA's commodity programs and associated price and income support for farmers. When the President signed the Farm Bill, he stated: "The fixed payments in the bill do not adjust to changes in market conditions, which would leave farmers, and the rural communities in which they live, vulnerable to reductions in crop prices or yields. I am firmly committed to submitting legislation and working with the Congress next year to strengthen the farm safety net." To begin to address the safety net problem, the 1998 Budget proposed to expand the crop insurance program to include "revenue insurance" coverage. Revenue insurance protects farmers against lost revenue caused by low prices, low yields, or any combination of the two. Revenue insurance programs are now available in 36 states and further expansion is being studied.

In 1999, USDA unveiled a pilot "whole farm" revenue insurance plan to cover diversified farming and ranching operations with a single revenue insurance policy. The Adjusted Gross Revenue (AGR) policy insures the five-year average revenue of a farming or ranching operation on the basis of the producer's Schedule F for Farm Income on Federal tax returns. In addition to being USDA's first insurance policy to cover livestock, AGR marks a departure from the expensive, labor-intensive approach to crop insurance which currently requires considerable information collection, and farm visits for loss adjustment and compliance verification.

Emergency funding in 1999 and 2000 added more crop insurance premium subsidies for those years and raised program participation to record levels. In the 1999 crop year, gross liability insured reached over \$30 billion in crop production value compared to \$26 billion in 1998. The program is expected to sustain or increase these participation levels if the Administration's proposal to strengthen the farm safety net is enacted by Congress. The proposal, discussed in the main Budget volume, includes increased subsidies for producers purchasing crop insurance in order to provide incentives for greater coverage, as well as a pilot livestock insurance program, multi-year loss policies, increased risk management education, and outreach to producers.

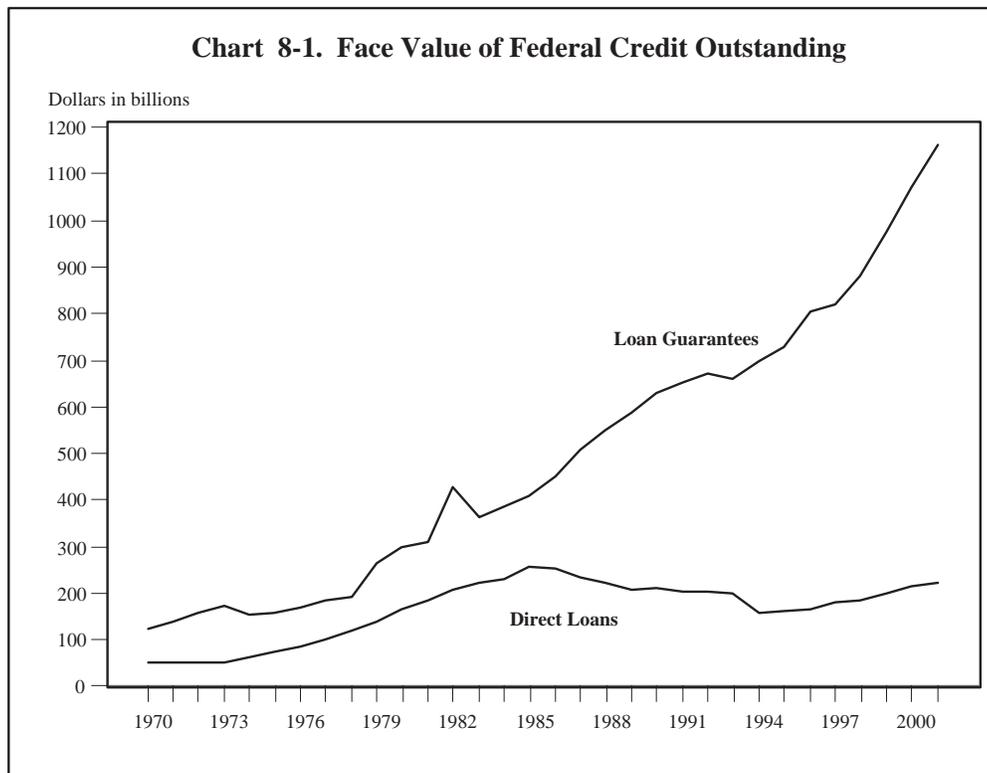


Table 8-1. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS
(in billions of dollars)

| Program | Outstanding 1998 | Estimated Future Costs of 1998 Out- standing ¹ | Outstanding 1999 | Estimated Future Costs of 1999 Out- standing ¹ |
|--|---------------------|--|---------------------|--|
| Direct Loans²: | | | | |
| Federal Student Loan Programs | 47 | 2 | 65 | 2 |
| Farm Service Agency (excl.CCC), Rural Development, Rural Housing | 46 | 14 | 45 | 12 |
| Rural Electrification Admin. and Rural Telephone Bank | 34 | 4 | 29 | 3 |
| Housing and Urban Development | 14 | 2 | 14 | 3 |
| Agency for International Development | 12 | 6 | 11 | 6 |
| Public Law 480 | 11 | 7 | 11 | 8 |
| Export-Import Bank | 11 | 3 | 12 | 6 |
| Commodity Credit Corporation | 8 | 2 | 7 | 3 |
| Federal Communications Commission | 7 | 2 | 8 | 5 |
| Disaster Assistance | 7 | 1 | 7 | 2 |
| Other Direct Loan Programs | 20 | 3 | 22 | 2 |
| Total Direct Loans | 217 | 45 | 234 | 50 |
| Guaranteed Loans²: | | | | |
| FHA Mutual Mortgage Insurance Fund | 380 | -2 | 411 | -3 |
| VA Mortgage | 211 | 5 | 221 | 6 |
| Federal Family Education Loan Program | 118 | 12 | 127 | 12 |
| FHA General/Special Risk Insurance Fund | 89 | 7 | 93 | 7 |
| Small Business | 37 | 2 | 39 | 2 |
| Export-Import Bank | 22 | 1 | 25 | 1 |
| International Assistance | 19 | 2 | 19 | 2 |
| Farm Service Agency and Rural Housing | 14 | 0 | 17 | 0 |
| Commodity Credit Corporation | 4 | 2 | 7 | 1 |
| Other Loan Guarantee Programs | 20 | 0 | 16 | 0 |
| Total Guaranteed Loans | 916 | 29 | 976 | 29 |
| Total Federal Credit | 1,133 | 74 | 1,210 | 80 |

Note: Detail may not add to total due to rounding.

¹ Direct loan future costs are the financing account allowance for subsidy cost and the liquidating account allowance for estimated uncollectible principal and interest. Loan guarantee future costs are estimated liabilities for loan guarantees.

² Excludes loans and guarantees by deposit insurance agencies and programs not included under credit reform, such as CCC commodity price supports. Defaulted guaranteed loans which become loans receivable are accounted for as direct loans.

Table 8-2. FACE VALUE OF GOVERNMENT-SPONSORED ENTERPRISE LENDING
(in billions of dollars)

| | Outstanding | |
|--|--------------|--------------|
| | 1998 | 1999 |
| Government Sponsored Enterprises:¹ | | |
| Fannie Mae | 989 | 1,141 |
| Freddie Mac | 702 | 843 |
| Federal Home Loan Banks ² | 246 | 367 |
| Sallie Mae ³ | 0 | 0 |
| Farm Credit System | 60 | 66 |
| Total | 1,997 | 2,417 |

¹ Net of purchases of federally guaranteed loans.

² The lending by the Federal Home Loan Banks measures their advances to member thrift and other financial institutions. In addition, their investment in private financial instruments at the end of 1999 was \$155 billion, including federally guaranteed securities, GSE securities and money market instruments.

³ The face value of Federal Family Education Loans in the Student Loan Marketing Association's portfolio is included in the totals for that program under guaranteed loans in table 8-1.

Table 8-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992—1999¹

(In millions of dollars)

| Program | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|-------------|------------|------------|-------------|--------------|--------------|---------------|
| Direct Loans: | | | | | | | |
| Agriculture credit insurance fund | -72 | 28 | 2 | -31 | 23 | ..... | 321 |
| Agricultural conservation | -1 | ..... | ..... | ..... | ..... | ..... | ..... |
| Rural electrification and telephone loans | * | 61 | -37 | 84 | ..... | -39 | ..... |
| Rural telephone bank | 1 | ..... | ..... | 10 | ..... | -9 | -1 |
| Rural housing insurance fund | 2 | 152 | 46 | -73 | ..... | 71 | ..... |
| Rural economic development loans ..... | ..... | ..... | ..... | 1 | ..... | -1 | * |
| Rural development loan program ..... | ..... | 1 | ..... | ..... | ..... | -6 | ..... |
| Rural community advancement program ² ..... | ..... | ..... | ..... | 8 | ..... | 5 | ..... |
| P.L. 480 Title I loan program ..... | ..... | ..... | -37 | -1 | ..... | ..... | -253 |
| Federal direct student loans: ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Technical reestimate ³ ..... | ..... | ..... | 3 | -83 | 172 | -361 | -2,442 |
| Volume reestimate ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Bureau of Reclamation direct loans ..... | ..... | ..... | ..... | ..... | ..... | ..... | 3 |
| BIA-Indian direct loans ..... | ..... | ..... | ..... | ..... | ..... | 1 | 4 |
| DoT-High priority corridor loans ..... | ..... | ..... | ..... | ..... | -3 | ..... | ..... |
| DoT-Alameda corridor loan ..... | ..... | ..... | ..... | ..... | ..... | ..... | -55 |
| Community Development Financial Institutions fund ..... | ..... | ..... | ..... | ..... | ..... | ..... | * |
| Veterans housing benefit program fund | -39 | 30 | 76 | -72 | 465 | -111 | -13 |
| FEMA-Disaster assistance ..... | ..... | ..... | ..... | ..... | ..... | ..... | 47 |
| Foreign military financing ..... | ..... | ..... | ..... | 13 | 4 | 1 | 152 |
| Debt restructuring ..... | ..... | ..... | ..... | ..... | ..... | ..... | 5 |
| SBA-Disaster loans ..... | ..... | ..... | ..... | ..... | -193 | 246 | ..... |
| Export-Import Bank direct loans | -28 | -16 | 37 | ..... | ..... | ..... | -177 |
| Spectrum auction program ..... | ..... | ..... | ..... | ..... | 4,592 | 980 | -1,501 |
| Loan Guarantees: | | | | | | | |
| Agriculture credit insurance fund | 5 | 14 | 12 | -51 | 96 | ..... | -130 |
| Commodity Credit Corporation export guarantees | 3 | 103 | -426 | 343 | ..... | ..... | -253 |
| Rural development insurance fund | 49 | ..... | ..... | -3 | ..... | ..... | ..... |
| Rural housing insurance fund | 2 | 10 | 7 | -10 | ..... | 109 | ..... |
| Rural community advancement program ² ..... | ..... | ..... | ..... | -10 | ..... | 41 | ..... |
| P.L. 480 Title I Food for Progress credits ..... | ..... | 84 | -38 | ..... | ..... | ..... | ..... |
| Fisheries finance, guaranteed loans ..... | ..... | ..... | ..... | ..... | -2 | ..... | ..... |
| Federal family education: ⁴ ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Technical reestimate ³ | 97 | 421 | 60 | ..... | ..... | 63 | 415 |
| Volume reestimate ..... | ..... | ..... | 535 | 99 | ..... | -216 | 362 |
| FHA-Mutual mortgage ..... | ..... | ..... | ..... | -340 | ..... | 3,789 | ..... |
| FHA-General and special risk ⁵ | -175 | ..... | -110 | -25 | 743 | 79 | ..... |
| BIA-Indian guaranteed loans ..... | ..... | ..... | ..... | 31 | ..... | ..... | -18 |
| Maritime guaranteed loans (Title XI) ..... | ..... | ..... | ..... | ..... | ..... | -71 | 27 |
| Veterans housing benefit fund guarantees | -447 | 167 | 334 | -706 | 38 | 492 | 242 |
| AID housing guaranty | -2 | -1 | -7 | ..... | -14 | ..... | ..... |
| Assistance to the New Independent States of the former Soviet Union ..... | ..... | ..... | ..... | ..... | ..... | ..... | -30 |
| SBA-Business loans ..... | ..... | ..... | 257 | -16 | -279 | -545 | -239 |
| Export-Import Bank guarantees | -11 | -59 | 13 | ..... | ..... | ..... | -185 |
| Total | -616 | 995 | 727 | -832 | 5,642 | 4,518 | -3,720 |

* \$500 thousand or less.

¹ Additional information on credit reform subsidy rates is contained in the Federal Credit Supplement to the budget for 2001.² Includes rural water and waste disposal, rural community facilities, and rural business and industry programs.³ 2000 figure includes interest on reestimate.⁴ Volume reestimates in mandatory loan guarantee programs represent a change in volume of loans disbursed in the prior years. These estimates are the result of guarantee programs where data from loan issuers on actual disbursements of loans are not received until after the close of the fiscal year.⁵ 1999 figure includes interest on reestimate.

Table 8-4. ESTIMATED 2001 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR DIRECT LOANS ¹

(in millions of dollars)

| Agency and Program | Weighted average subsidy as a percentage of disbursements | Subsidy budget authority | Estimated loan levels |
|--|---|--------------------------|-----------------------|
| Agriculture: | | | |
| Agricultural credit insurance fund | 10.26 | 114 | 1,080 |
| Farm storage facility loans | 2.85 | 4 | 150 |
| Watershed and flood prevention operations | 6.95 | 4 | 60 |
| Rural community advancement program | 12.91 | 172 | 1,332 |
| Rural electrification and telecommunications loans | 0.24 | 4 | 1,645 |
| Rural telephone bank | 1.48 | 3 | 175 |
| Distance learning and telemedicine program | -0.61 | -2 | 400 |
| Farm labor | 52.59 | 16 | 30 |
| Rural housing insurance fund | 19.15 | 284 | 1,485 |
| Rural development loan fund | 50.91 | 33 | 64 |
| Rural economic development loans | 26.07 | 4 | 15 |
| P.L. 480 | 71.51 | 114 | 160 |
| Commerce: | | | |
| Fisheries finance | 1.00 | 5 | 324 |
| Defense—Military: | | | |
| Family housing improvement fund | 38.80 | 38 | 99 |
| Education: | | | |
| School renovation | 17.20 | 1,125 | 6,541 |
| Federal direct student loan program | -3.04 | -517 | 16,972 |
| Housing and Urban Development: | | | |
| FHA-Mutual mortgage insurance | | | 250 |
| FHA-General and special risk | | | 50 |
| Interior: | | | |
| Bureau of Reclamation loans | 52.99 | 9 | 27 |
| State: | | | |
| Repatriation loans | 80.00 | 1 | 1 |
| Transportation: | | | |
| Transportation infrastructure finance and innovation (TIFIA) program | 5.74 | 75 | 1,320 |
| Treasury: | | | |
| Community development financial institutions fund | 43.41 | 4 | 10 |
| Veterans Affairs: | | | |
| Veterans housing benefit program | 1.82 | 12 | 649 |
| Miscellaneous veterans housing program | 7.72 | | 2 |
| Miscellaneous veterans programs | 35.02 | | 3 |
| Federal Emergency Management Agency: | | | |
| Disaster assistance direct loans | 6.71 | 2 | 25 |
| International Assistance Programs: | | | |
| Overseas Private Investment Corporation | 11.00 | 14 | 127 |
| Small Business Administration: | | | |
| Disaster loans | 17.46 | 142 | 871 |
| Business loans | 8.95 | 5 | 60 |
| Other Independent Agencies: | | | |
| Export-Import Bank loans | 7.50 | 72 | 960 |
| Total | N/A | 1,737 | 34,887 |

¹ Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

Table 8-5. ESTIMATED 2001 SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS FOR LOAN GUARANTEES ¹

(in millions of dollars)

| Agency and Program | Weighted average subsidy as a percentage of disbursements | Subsidy budget authority | Estimated loan levels |
|--|---|--------------------------|-----------------------|
| Agriculture: | | | |
| Agricultural credit insurance fund | 2.06 | 71 | 3,478 |
| Commodity Credit Corporation export loans | 8.52 | 323 | 3,792 |
| Rural community advancement program | 0.52 | 8 | 1,535 |
| Rural electrification and telecommunications loans | 0.01 | ..... | 400 |
| Rural housing insurance fund | 0.18 | 7 | 3,900 |
| Defense—Military: | | | |
| Family housing improvement fund | 8.86 | 45 | 507 |
| Education: | | | |
| Federal family education loan | 11.22 | 2,760 | 29,853 |
| Health and Human Services: | | | |
| Health resources and services | 2.11 | 1 | 51 |
| Housing and Urban Development: | | | |
| Indian housing loan guarantee fund | 8.13 | 6 | 72 |
| Title VI Indian loan guarantees | 11.07 | 5 | 43 |
| Community development loan guarantees | 2.30 | 28 | 1,217 |
| America's private investment companies | 3.60 | 36 | 1,000 |
| FHA-Mutual mortgage insurance | -2.57 | -3,675 | 160,000 |
| FHA-General and special risk | -0.12 | -21 | 21,000 |
| Interior: | | | |
| Indian guaranteed loans | 6.73 | 5 | 82 |
| Transportation: | | | |
| Minority business resource center | 11.00 | 2 | 14 |
| Transportation infrastructure finance and innovation (TIFIA) program | 2.00 | 18 | 880 |
| Maritime guaranteed loans (Title XI) | 4.97 | 2 | 40 |
| Veterans Affairs: | | | |
| Veterans housing benefit program | 0.51 | 154 | 30,334 |
| Miscellaneous veterans housing program | 48.25 | 6 | 13 |
| International Assistance Programs: | | | |
| Development credit authority | 7.04 | 15 | 213 |
| Overseas Private Investment Corporation | 1.00 | 10 | 1,000 |
| Small Business Administration: | | | |
| Business loans | 1.08 | 194 | 17,955 |
| Other Independent Agencies: | | | |
| Export-Import Bank loans | 6.70 | 1,007 | 15,040 |
| Presidio Trust | 0.46 | 1 | 200 |
| Total | N/A | 1,008 | 292,619 |
| ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS | | | |
| GNMA: | | | |
| Guarantees of mortgage-backed securities | -0.36 | -356 | 200,000 |

¹ Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

Table 8-6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES

(In billions of dollars)

| | Actual | | | | | Estimate | |
|---|--------|-------|-------|-------|-------|----------|-------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Direct Loans: | | | | | | | |
| Obligations | 30.9 | 23.4 | 33.6 | 28.8 | 38.4 | 38.5 | 44.2 |
| Disbursements | 22.0 | 23.6 | 32.2 | 28.7 | 37.7 | 37.3 | 35.8 |
| Subsidy budget authority ¹ | 2.6 | 1.8 | 2.4 | 6.5 | 2.6 | -4.3 | 1.7 |
| Loan Guarantees: ² | | | | | | | |
| Commitments | 138.5 | 175.4 | 172.3 | 218.4 | 252.4 | 255.1 | 289.0 |
| Lender Disbursements | 117.9 | 143.9 | 144.7 | 199.5 | 224.7 | 234.0 | 257.9 |
| Subsidy budget authority ¹ | 4.6 | 4.0 | 3.6 | 2.6 | 4.3 | 3.2 | 0.8 |

¹ Excludes subsidy reestimates made prior to 1998.² GNMA secondary guarantees of loans that are guaranteed by FHA, VA and RHS are excluded from the totals to avoid double-counting.

Table 8-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

| Agency and Program | In millions of dollars | | | As a percentage of outstanding loans ¹ | | |
|--|------------------------|---------------|---------------|---|---------------|---------------|
| | 1999 actual | 2000 estimate | 2001 estimate | 1999 actual | 2000 estimate | 2001 estimate |
| DIRECT LOAN WRITEOFFS | | | | | | |
| Agriculture: | | | | | | |
| Agricultural credit insurance fund | 278 | 284 | 344 | 3.00 | 3.06 | 3.87 |
| Rural community advancement program | 6 | 6 | 10 | 0.12 | 0.12 | 0.17 |
| Rural development insurance fund | 2 | 3 | 3 | 0.05 | 0.09 | 0.09 |
| Rural housing insurance fund | 95 | 92 | 91 | 0.33 | 0.32 | 0.32 |
| Rural development loans | 1 | 1 | 1 | 0.31 | 0.29 | 0.27 |
| Commerce: | | | | | | |
| Economic development loans | 3 | 1 | 1 | 6.97 | 2.50 | 2.85 |
| Education: | | | | | | |
| Student financial assistance | 15 | 9 | 10 | 23.43 | 14.75 | 17.54 |
| Federal direct student loan program | 41 | 86 | 118 | 0.08 | 0.16 | 0.18 |
| Housing and Urban Development: | | | | | | |
| Revolving fund (liquidating programs) | 6 | | | 3.42 | | |
| FHA—Mutual mortgage insurance | | | 2 | | | 1.07 |
| Interior: | | | | | | |
| BIA—Indian direct loans | 1 | 7 | 2 | 1.40 | 10.60 | 3.41 |
| State: | | | | | | |
| Repatriation loans | 1 | 1 | 1 | 25.00 | 25.00 | 25.00 |
| Veterans Affairs: | | | | | | |
| Veterans housing benefit program | 74 | 82 | 87 | 3.88 | 4.48 | 5.46 |
| Federal Emergency Management Agency: | | | | | | |
| FEMA—disaster assistance | 1 | | | 0.54 | | |
| International Assistance Programs: | | | | | | |
| Military debt reduction | | 11 | 8 | | 110.00 | 133.33 |
| Overseas Private Investment Corporation | 1 | 1 | 1 | 1.28 | 1.27 | 1.23 |
| Small Business Administration: | | | | | | |
| Disaster loans | 21 | 10 | | 0.31 | 0.15 | |
| Business loans | 26 | 26 | 10 | 3.09 | 3.30 | 1.43 |
| Other Independent Agencies: | | | | | | |
| Bank insurance fund | 38 | | | 38.00 | | |
| Tennessee Valley Authority fund | 1 | 1 | 1 | 2.12 | 1.96 | 1.69 |
| Total, direct loan writeoffs | 605 | 621 | 690 | 0.30 | 0.29 | 0.31 |
| GUARANTEED LOAN TERMINATIONS FOR DEFAULT | | | | | | |
| Agriculture: | | | | | | |
| Agricultural credit insurance fund | 61 | 94 | 104 | 0.80 | 1.17 | 1.19 |
| CCC export guarantee programs | 248 | 425 | 390 | 3.68 | 6.83 | 7.23 |
| Rural community advancement program | 33 | 33 | 33 | 1.10 | 0.93 | 0.71 |
| Rural electrification and telecommunications | 107 | | | 25.17 | | |
| Rural development insurance fund | 1 | 18 | 11 | 0.76 | 17.06 | 17.05 |
| Rural housing insurance fund | 40 | 62 | 79 | 0.40 | 0.56 | 0.58 |
| Commerce: | | | | | | |
| NOAA—Federal ship financing | | 2 | 2 | | 1.85 | 2.68 |
| Defense—Military: | | | | | | |
| Defense export loan guarantee program | | | 1 | | | 10.52 |
| Education: | | | | | | |
| Federal family education | 2,555 | 3,824 | 4,014 | 2.01 | 2.95 | 2.97 |
| Health and Human Services: | | | | | | |
| Health education assistance loan program | 22 | 37 | 42 | 0.76 | 1.30 | 1.53 |
| Housing and Urban Development: | | | | | | |
| FHA—Mutual mortgage insurance | 5,876 | 3,779 | 4,538 | 1.42 | 0.85 | 0.87 |
| FHA—General and special risk | 1,070 | 1,536 | 2,292 | 1.15 | 1.59 | 2.19 |
| Interior: | | | | | | |
| BIA—Indian loan guarantee | 1 | 1 | 1 | 0.65 | 0.60 | 0.49 |
| Transportation: | | | | | | |
| Federal ship financing fund | 4 | | | 1.24 | | |

Table 8-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued

| Agency and Program | In millions of dollars | | | As a percentage of outstanding loans ¹ | | |
|--|------------------------|---------------|---------------|---|---------------|---------------|
| | 1999 actual | 2000 estimate | 2001 estimate | 1999 actual | 2000 estimate | 2001 estimate |
| Veterans Affairs: | | | | | | |
| Veterans housing benefit program | 2,381 | 3,030 | 3,370 | 1.07 | 1.37 | 1.55 |
| International Assistance Programs: | | | | | | |
| Foreign military financing | 1 | 5 | 8 | 0.02 | 0.10 | 0.18 |
| Microenterprise and other development | 2 | 1 | 1 | 4.76 | 1.88 | 1.44 |
| AID—Housing and other credit guaranty programs | 56 | 32 | 40 | 2.44 | 1.41 | 1.83 |
| Overseas Private Investment Corporation | 6 | 64 | 50 | 0.20 | 2.12 | 1.58 |
| Small Business Administration: | | | | | | |
| Business loans | 699 | 684 | 684 | 1.77 | 1.66 | 1.52 |
| Pollution control equipment | 11 | 11 | 11 | 23.91 | 27.16 | 37.28 |
| Other Independent Agencies: | | | | | | |
| Export-Import Bank | 1,000 | 284 | 425 | 3.94 | 1.00 | 1.38 |
| Total, guaranteed loan terminations for default | 14,174 | 13,922 | 16,096 | 0.91 | 0.86 | 0.93 |
| Total, direct loan writeoffs and guaranteed loan terminations | 14,779 | 14,543 | 16,786 | 0.84 | 0.80 | 0.86 |
| ADDENDUM: WRITEOFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE | | | | | | |
| Education: | | | | | | |
| Federal family education | 587 | 459 | 473 | 2.68 | 2.03 | 1.98 |
| Health and Human Services: | | | | | | |
| Health education assistance loan program | 29 | 29 | 29 | 5.43 | 5.44 | 5.46 |
| Housing and Urban Development: | | | | | | |
| FHA—Mutual mortgage insurance | 17 | 85 | 1 | 2.66 | 25.07 | 1.96 |
| FHA—General and special risk | 172 | 229 | 652 | 7.22 | 9.80 | 31.27 |
| Interior: | | | | | | |
| BIA—Indian loan guarantee | 2 | | | 2.85 | | |
| Veterans Affairs: | | | | | | |
| Veterans housing benefit program | 113 | 83 | 79 | 14.65 | 10.29 | 8.98 |
| Small Business Administration: | | | | | | |
| Business loans | 320 | 173 | 71 | 15.01 | 8.48 | 3.67 |
| Total, writeoffs of loans receivable | 1,240 | 1,058 | 1,305 | 3.69 | 3.10 | 3.72 |

¹ Average of loans outstanding for the year.

Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS ¹

(In millions of dollars)

| Agency and Program | 1999 Actual | Estimate | |
|--|----------------|--------------|--------------|
| | | 2000 | 2001 |
| DIRECT LOAN OBLIGATIONS | | | |
| Agriculture: | | | |
| Agricultural credit insurance fund | 872 | 1,797 | 1,080 |
| Distance learning and telemedicine | 55 | 200 | 400 |
| Rural electrification and telecommunications | 1,911 | 2,610 | 1,645 |
| Rural telephone bank | 158 | 175 | 175 |
| Rural water and waste disposal direct loans | 707 | 679 | 1,032 |
| Rural housing insurance fund | 1,167 | 1,360 | 1,515 |
| Rural community facility direct loans | 162 | 167 | 250 |
| Rural economic development | 15 | 15 | 15 |
| Rural development loan fund | 33 | 38 | 64 |
| Rural business and industry direct loans | 50 | 50 | 50 |
| P.L. 480 direct credit | 282 | 907 | 160 |
| Commerce: | | | |
| Fisheries finance | 229 | 28 | 324 |
| Education: | | | |
| Historically black college and university capital financing | 375 | 364 | 339 |
| Housing and Urban Development: | | | |
| FHA-General and special risk | 50 | 50 | 50 |
| FHA-Mutual mortgage insurance | 100 | 100 | 250 |
| Interior: | | | |
| Bureau of Reclamation | 38 | 43 | 27 |
| Assistance to American Samoa | | 19 | |
| State: | | | |
| Repatriation loans | 1 | 1 | 1 |
| Transportation: | | | |
| Minority business resource center | 14 | 14 | |
| Transportation infrastructure finance and innovation (TIFIA) program | 893 | 1080 | 1,320 |
| Treasury: | | | |
| Community development financial institutions fund | 32 | 53 | 53 |
| Federal Emergency Management Agency: | | | |
| Disaster assistance | 30 | 25 | 25 |
| General Services Administration: | | | |
| Columbia Hospital for Women | | 14 | |
| International Assistance Programs: | | | |
| Military debt reduction | 1 | 11 | |
| Total, limitations on direct loan obligations | 7,175 | 9,800 | 8,775 |
| LOAN GUARANTEE COMMITMENTS | | | |
| Agriculture: | | | |
| Agricultural credit insurance fund | 2,551 | 4,042 | 3,478 |
| Rural electrification and telecommunications guaranteed loans | 150 | 500 | 400 |
| Rural water and waste water disposal guaranteed loans | 75 | 75 | 75 |
| Rural housing insurance fund | 3,075 | 3,300 | 3,900 |
| Rural community facility guaranteed loans | 210 | 210 | 210 |
| Rural business and industry guaranteed loans | 1,000 | 850 | 1,250 |
| Commerce: | | | |
| Emergency oil and gas guaranteed loans | | 500 | |
| Emergency steel guaranteed loans | | 1,000 | |
| Defense—Military: | | | |
| Defense export loan guarantee | 14,980 | 14,980 | 14,980 |
| Health and Human Services: | | | |
| Health centers | | 100 | 51 |

Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS¹—Continued
(In millions of dollars)

| Agency and Program | 1999 Actual | Estimate | |
|--|----------------|----------------|----------------|
| | | 2000 | 2001 |
| Housing and Urban Development: | | | |
| Indian housing loan guarantee fund | 81 | 72 | 72 |
| Title VI Indian federal guarantees | 55 | 55 | 43 |
| Community development loan guarantees | 1,261 | 1,261 | 1,217 |
| America's private investment companies | | 541 | 1,000 |
| FHA-General and special risk | 18,100 | 18,100 | 21,000 |
| FHA-Loan guarantee recovery fund | 8 | 7 | |
| FHA-Mutual mortgage insurance | 140,000 | 140,000 | 160,000 |
| Interior: | | | |
| Indian | 60 | 60 | 82 |
| Transportation: | | | |
| Minority business resource center | | | 14 |
| Transportation infrastructure finance and innovation program loan guarantees | 600 | 720 | 880 |
| Maritime guaranteed loan (Title XI) | 1,767 | 1,505 | 40 |
| International Assistance Programs: | | | |
| Overseas private investment corporation | 2,333 | 2,333 | 1,000 |
| Small Business Administration: | | | |
| Business loan guarantees | 13,500 | 16,500 | 18,213 |
| Other Independent Agencies: | | | |
| Presidio Trust | | 200 | 200 |
| Total, limitations on loan guarantee commitments | 199,806 | 206,911 | 228,105 |
| ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS | | | |
| Housing and Urban Development: | | | |
| Guarantees of mortgage-backed securities | 200,000 | 200,000 | 200,000 |
| Total, limitations on secondary guaranteed loan commitments | 200,000 | 200,000 | 200,000 |

¹ Data represents loan level limitations enacted or proposed to be enacted in appropriation acts. For information on actual and estimated loan levels supportable by new subsidy budget authority requested, see Tables 8-4 and 8-5.

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|--------------|--------------|
| | | 2000 | 2001 |
| Department of Agriculture | | | |
| Farm Service Agency | | | |
| Agricultural credit insurance fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 1 | 2 | 2 |
| Change in outstandings | -882 | -967 | -985 |
| Outstandings | 5,817 | 4,850 | 3,865 |
| Farm storage facility direct loan financing account: | | | |
| Obligations | | 350 | 150 |
| Loan disbursements | | 350 | 150 |
| Change in outstandings | | 350 | 66 |
| Outstandings | | 350 | 416 |
| Agricultural credit insurance fund direct loan financing account: | | | |
| Obligations | 999 | 1,723 | 1,080 |
| Loan disbursements | 1,278 | 1,637 | 1,026 |
| Change in outstandings | 728 | 949 | 267 |
| Outstandings | 3,443 | 4,392 | 4,659 |
| Commodity Credit Corporation fund: | | | |
| Obligations | 8,358 | 9,399 | 9,257 |
| Loan disbursements | 8,358 | 9,399 | 9,257 |
| Change in outstandings | 213 | -79 | -312 |
| Outstandings | 2,846 | 2,767 | 2,455 |
| Natural Resources Conservation Service | | | |
| Watershed and flood prevention operations direct loan financing account: | | | |
| Obligations | | | 60 |
| Loan disbursements | | | 7 |
| Change in outstandings | | | 7 |
| Outstandings | | | 7 |
| Rural Utilities Service | | | |
| Rural communication development fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -1 | |
| Outstandings | 7 | 6 | 6 |
| Distance learning and telemedicine direct loan financing account: | | | |
| Obligations | 55 | 200 | 400 |
| Loan disbursements | 1 | 101 | 232 |
| Change in outstandings | 1 | 93 | 206 |
| Outstandings | 1 | 94 | 300 |
| Rural development insurance fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 2 | | |
| Change in outstandings | -338 | -281 | -258 |
| Outstandings | 3,470 | 3,189 | 2,931 |
| Rural electrification and telecommunications direct loan financing account: | | | |
| Obligations | 1,763 | 2,610 | 1,645 |
| Loan disbursements | 1,093 | 1,689 | 1,582 |
| Change in outstandings | 760 | 1,547 | 1,412 |
| Outstandings | 5,949 | 7,496 | 8,908 |
| Rural telephone bank direct loan financing account: | | | |
| Obligations | 114 | 175 | 175 |
| Loan disbursements | 58 | 117 | 145 |
| Change in outstandings | 49 | 107 | 134 |
| Outstandings | 246 | 353 | 487 |
| Rural water and waste disposal direct loans financing account: | | | |
| Obligations | 721 | 679 | 1,032 |
| Loan disbursements | 619 | 835 | 862 |
| Change in outstandings | 535 | 786 | 803 |
| Outstandings | 3,345 | 4,131 | 4,934 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|---------------|---------------|
| | | 2000 | 2001 |
| Rural electrification and telecommunications liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 19 | 8 | 19 |
| Change in outstandings | -1,209 | -1,030 | -1,189 |
| Outstandings | 25,867 | 24,837 | 23,648 |
| Rural telephone bank liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 17 | 15 | 13 |
| Change in outstandings | -186 | -110 | -106 |
| Outstandings | 986 | 876 | 770 |
| Rural Housing Service | | | |
| Rural housing insurance fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1,331 | -1,127 | -1,052 |
| Outstandings | 18,373 | 17,246 | 16,194 |
| Rural housing insurance fund direct loan financing account: | | | |
| Obligations | 1,169 | 1,371 | 1,515 |
| Loan disbursements | 1,137 | 1,332 | 1,448 |
| Change in outstandings | 769 | 993 | 1,046 |
| Outstandings | 10,180 | 11,173 | 12,219 |
| Rural community facility direct loans financing account: | | | |
| Obligations | 163 | 185 | 250 |
| Loan disbursements | 168 | 226 | 178 |
| Change in outstandings | 141 | 204 | 153 |
| Outstandings | 747 | 951 | 1,104 |
| Rural Business—Cooperative Service | | | |
| Rural economic development loans liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -1 | -1 |
| Outstandings | 2 | 1 | |
| Rural economic development direct loan financing account: | | | |
| Obligations | 15 | 15 | 15 |
| Loan disbursements | 23 | 16 | 15 |
| Change in outstandings | 16 | 6 | 5 |
| Outstandings | 66 | 72 | 77 |
| Rural development loan fund direct loan financing account: | | | |
| Obligations | 33 | 38 | 64 |
| Loan disbursements | 44 | 42 | 41 |
| Change in outstandings | 40 | 36 | 33 |
| Outstandings | 249 | 285 | 318 |
| Rural business and industry direct loans financing account: | | | |
| Obligations | 26 | 50 | 50 |
| Loan disbursements | 20 | 31 | 51 |
| Change in outstandings | 19 | 23 | 37 |
| Outstandings | 38 | 61 | 98 |
| Rural development loan fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | 1 | 1 |
| Change in outstandings | -5 | -4 | -4 |
| Outstandings | 72 | 68 | 64 |
| Foreign Agricultural Service | | | |
| Expenses, P.L. 480, foreign assistance programs, Agriculture liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -336 | -275 | -539 |
| Outstandings | 8,810 | 8,535 | 7,996 |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|-------|
| | | 2000 | 2001 |
| P.L. 480 direct credit financing account: | | | |
| Obligations | 282 | 907 | 160 |
| Loan disbursements | 401 | 777 | 195 |
| Change in outstandings | 398 | 772 | 187 |
| Outstandings | 1,927 | 2,699 | 2,886 |
| P.L. 480 Title I food for progress credits, financing account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 508 | 508 | 508 |
| Debt reduction—financing account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | -2 | -2 |
| Outstandings | 63 | 61 | 59 |
| Department of Commerce | | | |
| Economic Development Administration | | | |
| Economic development revolving fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -11 | -6 | -4 |
| Outstandings | 43 | 37 | 33 |
| National Oceanic and Atmospheric Administration | | | |
| Fisheries finance, direct loan financing account: | | | |
| Obligations | 229 | 28 | 324 |
| Loan disbursements | 98 | 159 | 160 |
| Change in outstandings | 96 | 155 | 153 |
| Outstandings | 122 | 277 | 430 |
| Department of Defense—Military | | | |
| Family Housing | | | |
| Family housing improvement, direct loan financing account: | | | |
| Obligations | | 74 | 99 |
| Loan disbursements | | 11 | |
| Change in outstandings | | 11 | |
| Outstandings | | 11 | 11 |
| Department of Education | | | |
| Office of Elementary and Secondary Education | | | |
| School renovation, direct loan financing account: | | | |
| Obligations | | | 6,541 |
| Loan disbursements | | | 327 |
| Change in outstandings | | | 281 |
| Outstandings | | | 281 |
| Office of Postsecondary Education | | | |
| College housing and academic facilities loans liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -47 | -43 | -43 |
| Outstandings | 519 | 476 | 433 |
| College housing and academic facilities loans financing account: | | | |
| Obligations | | | |
| Loan disbursements | 4 | 1 | 4 |
| Change in outstandings | 4 | 1 | 4 |
| Outstandings | 25 | 26 | 30 |
| Historically black college and university capital financing, direct loan financing account: | | | |
| Obligations | 11 | 25 | 25 |
| Loan disbursements | 6 | 25 | 25 |
| Change in outstandings | 6 | 25 | 25 |
| Outstandings | 11 | 36 | 61 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|--------|
| | | 2000 | 2001 |
| Office of Student Financial Assistance | | | |
| Student financial assistance: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -73 | -6 | -2 |
| Outstandings | 64 | 58 | 56 |
| Federal direct student loan program, financing account: | | | |
| Obligations | 19,243 | 16,135 | 16,971 |
| Loan disbursements | 18,070 | 14,636 | 15,429 |
| Change in outstandings | 12,465 | 12,646 | 12,535 |
| Outstandings | 45,830 | 58,476 | 71,011 |
| Department of Energy | | | |
| Power Marketing Administration | | | |
| Bonneville Power Administration fund: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 2 | 2 | 2 |
| Department of Health and Human Services | | | |
| Health Resources and Services Administration | | | |
| Medical facilities guarantee and loan fund: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -2 | -7 | -8 |
| Outstandings | 15 | 8 | |
| Department of Housing and Urban Development | | | |
| Public and Indian Housing Programs | | | |
| Low-rent public housing—loans and other expenses: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -71 | -71 | -71 |
| Outstandings | 1,421 | 1,350 | 1,279 |
| Community Planning and Development | | | |
| Revolving fund (liquidating programs): | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -45 | -35 | -30 |
| Outstandings | 175 | 140 | 110 |
| Community development loan guarantees liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -17 | -4 | -4 |
| Outstandings | 13 | 9 | 5 |
| Housing Programs | | | |
| Nonprofit sponsor assistance liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 1 | 1 | 1 |
| Flexible subsidy fund: | | | |
| Obligations | | | |
| Loan disbursements | 17 | 14 | 20 |
| Change in outstandings | 17 | 10 | 16 |
| Outstandings | 786 | 796 | 812 |
| FHA-Mutual mortgage and cooperative housing insurance funds liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -4 | |
| Outstandings | 4 | | |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|-------|
| | | 2000 | 2001 |
| FHA-General and special risk insurance funds liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -4 | -4 | -4 |
| Outstandings | 68 | 64 | 60 |
| FHA-General and special risk direct loan financing account: | | | |
| Obligations | | 17 | 17 |
| Loan disbursements | 1 | 17 | 17 |
| Change in outstandings | 1 | 16 | 16 |
| Outstandings | 1 | 17 | 33 |
| Housing for the elderly or handicapped fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 3 | | |
| Change in outstandings | -98 | -87 | -86 |
| Outstandings | 8,045 | 7,958 | 7,872 |
| FHA-Mutual mortgage insurance direct loan financing account: | | | |
| Obligations | 1 | 100 | 250 |
| Loan disbursements | 1 | 90 | 227 |
| Change in outstandings | -2 | 84 | 197 |
| Outstandings | 3 | 87 | 284 |
| Government National Mortgage Association | | | |
| Guarantees of mortgage-backed securities liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 101 | 112 | 101 |
| Change in outstandings | 2 | -18 | -17 |
| Outstandings | 360 | 342 | 325 |
| Department of the Interior | | | |
| Bureau of Reclamation | | | |
| Bureau of reclamation loan liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -3 | -3 | -4 |
| Outstandings | 66 | 63 | 59 |
| Water and related resources: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | -1 |
| Outstandings | 3 | 3 | 2 |
| Bureau of Reclamation direct loan financing account: | | | |
| Obligations | 25 | 43 | 27 |
| Loan disbursements | 26 | 30 | 27 |
| Change in outstandings | 26 | 29 | 24 |
| Outstandings | 146 | 175 | 199 |
| National Park Service | | | |
| Construction and major maintenance: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | -1 | |
| Outstandings | 6 | 5 | 5 |
| Bureau of Indian Affairs | | | |
| Revolving fund for loans liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -4 | -3 | -3 |
| Outstandings | 43 | 40 | 37 |
| Indian direct loan financing account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -7 | -2 |
| Outstandings | 28 | 21 | 19 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|-------|
| | | 2000 | 2001 |
| Insular Affairs | | | |
| Assistance to territories: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -1 | -1 |
| Outstandings | 16 | 15 | 14 |
| Assistance to American Samoa direct loan financing account: | | | |
| Obligations | | 19 | |
| Loan disbursements | | 14 | 5 |
| Change in outstandings | | 13 | 4 |
| Outstandings | | 13 | 17 |
| Department of State | | | |
| Administration of Foreign Affairs | | | |
| Repatriation loans financing account: | | | |
| Obligations | 1 | 1 | 1 |
| Loan disbursements | 1 | 1 | 1 |
| Change in outstandings | | | |
| Outstandings | 4 | 4 | 4 |
| Department of Transportation | | | |
| Office of the Secretary | | | |
| Minority business resource center direct loan financing account: | | | |
| Obligations | 6 | 14 | |
| Loan disbursements | 3 | 7 | 7 |
| Change in outstandings | 1 | -2 | -3 |
| Outstandings | 8 | 6 | 3 |
| Federal Highway Administration | | | |
| Transportation infrastructure finance and innovation (TIFIA) program direct loan financing account: | | | |
| Obligations | 873 | 990 | 1,210 |
| Loan disbursements | | 992 | 858 |
| Change in outstandings | | 992 | 858 |
| Outstandings | | 992 | 1,850 |
| Transportation infrastructure finance and innovation (TIFIA) program line of credit financing account: | | | |
| Obligations | 20 | 90 | 110 |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | | | |
| Right-of-way revolving fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 36 | 3 | 3 |
| Change in outstandings | 12 | -21 | -21 |
| Outstandings | 194 | 173 | 152 |
| Federal Railroad Administration | | | |
| Amtrak corridor improvement loans liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -1 | -1 | -1 |
| Outstandings | 5 | 4 | 3 |
| Alameda corridor direct loan financing account: | | | |
| Obligations | | | |
| Loan disbursements | 120 | | |
| Change in outstandings | 120 | | -400 |
| Outstandings | 400 | 400 | |
| Railroad rehabilitation and improvement liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -3 | -5 | -4 |
| Outstandings | 53 | 48 | 44 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|-------|
| | | 2000 | 2001 |
| Railroad rehabilitation and improvement direct loan financing account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 4 | 4 | 4 |
| Department of the Treasury | | | |
| Departmental Offices | | | |
| Community development financial institutions fund direct loan financing account: | | | |
| Obligations | 8 | 10 | 10 |
| Loan disbursements | 5 | 5 | 7 |
| Change in outstandings | 5 | 5 | 6 |
| Outstandings | 10 | 15 | 21 |
| Department of Veterans Affairs | | | |
| Veterans Benefits Administration | | | |
| Veterans housing benefit program fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 10 | 9 | 9 |
| Change in outstandings | -10 | -28 | -25 |
| Outstandings | 317 | 289 | 264 |
| Veterans housing benefit program fund direct loan financing account: | | | |
| Obligations | 1,648 | 1,992 | 649 |
| Loan disbursements | 1,648 | 1,992 | 649 |
| Change in outstandings | 484 | -129 | -290 |
| Outstandings | 1,588 | 1,459 | 1,169 |
| Miscellaneous veterans housing loans direct loan financing account: | | | |
| Obligations | 2 | 2 | 2 |
| Loan disbursements | 2 | 2 | 1 |
| Change in outstandings | 1 | 2 | 1 |
| Outstandings | 17 | 19 | 20 |
| Miscellaneous veterans programs loan fund direct loan financing account: | | | |
| Obligations | 2 | 3 | 3 |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 1 | 1 | 1 |
| Environmental Protection Agency | | | |
| Abatement, control, and compliance direct loan financing account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -5 | -5 | -5 |
| Outstandings | 51 | 46 | 41 |
| Federal Emergency Management Agency | | | |
| Disaster assistance direct loan liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | | | |
| Outstandings | 37 | 37 | 37 |
| Disaster assistance direct loan financing account: | | | |
| Obligations | 3 | 25 | 25 |
| Loan disbursements | 3 | 25 | 25 |
| Change in outstandings | 1 | 19 | 9 |
| Outstandings | 148 | 167 | 176 |
| General Services Administration | | | |
| Real Property Activities | | | |
| Columbia hospital for women direct loan financing account: | | | |
| Obligations | | 14 | |
| Loan disbursements | | 14 | |
| Change in outstandings | | 14 | |
| Outstandings | | 14 | 14 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|--------|
| | | 2000 | 2001 |
| International Assistance Programs | | | |
| International Security Assistance | | | |
| Foreign military loan liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 7 | 7 | 7 |
| Change in outstandings | -582 | -535 | -444 |
| Outstandings | 4,805 | 4,270 | 3,826 |
| Foreign military financing direct loan financing account: | | | |
| Obligations | | | |
| Loan disbursements | 345 | 466 | 594 |
| Change in outstandings | 83 | 153 | 221 |
| Outstandings | 1,665 | 1,818 | 2,039 |
| Military debt reduction financing account: | | | |
| Obligations | 1 | 11 | |
| Loan disbursements | 1 | 11 | |
| Change in outstandings | 1 | | -8 |
| Outstandings | 10 | 10 | 2 |
| Agency for International Development | | | |
| Economic assistance loans—liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -775 | -596 | -530 |
| Outstandings | 10,660 | 10,064 | 9,534 |
| Debt reduction, financing account: | | | |
| Obligations | | | |
| Loan disbursements | | 72 | 3 |
| Change in outstandings | -65 | 15 | -54 |
| Outstandings | 217 | 232 | 178 |
| Microenterprise and small enterprise development credit direct loan financing account: | | | |
| Obligations | 2 | | |
| Loan disbursements | 1 | 1 | 1 |
| Change in outstandings | | | |
| Outstandings | 3 | 3 | 3 |
| Overseas Private Investment Corporation | | | |
| Overseas Private Investment Corporation liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -10 | -5 | -6 |
| Outstandings | 14 | 9 | 3 |
| Overseas Private Investment Corporation direct loan financing account: | | | |
| Obligations | 136 | 136 | 127 |
| Loan disbursements | 7 | 20 | 23 |
| Change in outstandings | 1 | 6 | 10 |
| Outstandings | 64 | 70 | 80 |
| Small Business Administration | | | |
| Business direct loan financing account: | | | |
| Obligations | 15 | 30 | 60 |
| Loan disbursements | 15 | 30 | 60 |
| Change in outstandings | -6 | 16 | 45 |
| Outstandings | 93 | 109 | 154 |
| Disaster direct loan financing account: | | | |
| Obligations | 814 | 221 | 951 |
| Loan disbursements | 755 | 650 | 1,192 |
| Change in outstandings | 53 | 169 | -1,375 |
| Outstandings | 5,658 | 5,827 | 4,452 |
| Disaster loan fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -187 | -580 | -487 |
| Outstandings | 1,067 | 487 | |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|-------|
| | | 2000 | 2001 |
| Business loan fund liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | 34 | 32 | 22 |
| Change in outstandings | -242 | -127 | -107 |
| Outstandings | 748 | 621 | 514 |
| Other Independent Agencies | | | |
| Export-Import Bank of the United States | | | |
| Export-Import Bank liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -552 | -349 | -353 |
| Outstandings | 5,169 | 4,820 | 4,467 |
| Debt reduction financing account: | | | |
| Obligations | | | |
| Loan disbursements | 44 | 118 | |
| Change in outstandings | 44 | 118 | |
| Outstandings | 108 | 226 | 226 |
| Export-Import Bank direct loan financing account: | | | |
| Obligations | 903 | 836 | 960 |
| Loan disbursements | 2,375 | 1,117 | 790 |
| Change in outstandings | 2,027 | 424 | -27 |
| Outstandings | 7,054 | 7,478 | 7,451 |
| Farm Credit System Financial Assistance Corporation | | | |
| Financial Assistance Corporation assistance fund, liquidating account: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -33 | -17 | -15 |
| Outstandings | 900 | 883 | 868 |
| Federal Communications Commission | | | |
| Spectrum auction direct loan financing account: | | | |
| Obligations | 733 | 2 | 2 |
| Loan disbursements | 733 | 2 | 2 |
| Change in outstandings | 1,498 | -8 | -36 |
| Outstandings | 8,287 | 8,279 | 8,243 |
| Bank Insurance | | | |
| Bank insurance fund: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -44 | -100 | |
| Outstandings | 100 | | |
| FSLIC Resolution | | | |
| FSLIC resolution fund: | | | |
| Obligations | | | |
| Loan disbursements | | | |
| Change in outstandings | -34 | -11 | |
| Outstandings | 75 | 64 | 64 |
| National Credit Union Administration | | | |
| Community development credit union revolving loan fund: | | | |
| Obligations | 2 | 6 | 4 |
| Loan disbursements | 2 | 6 | 4 |
| Change in outstandings | | 3 | 1 |
| Outstandings | 7 | 10 | 11 |
| Tennessee Valley Authority | | | |
| Tennessee Valley Authority fund: | | | |
| Obligations | 16 | 22 | 22 |
| Loan disbursements | 16 | 22 | 22 |
| Change in outstandings | 4 | 8 | 8 |
| Outstandings | 47 | 55 | 63 |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------------|----------------|
| | | 2000 | 2001 |
| Subtotal, direct loan transactions: | | | |
| Obligations | 38,392 | 38,548 | 44,243 |
| Loan disbursements | 37,729 | 37,291 | 35,846 |
| Change in outstandings | 13,403 | 14,104 | 9,851 |
| Outstandings | 200,416 | 214,520 | 224,371 |
| ADDENDUM: DEFAULTED GUARANTEED LOANS THAT RESULT IN A LOAN RECEIVABLE | | | |
| Department of Agriculture | | | |
| Farm Service Agency | | | |
| Commodity Credit Corporation export guarantee financing account: | | | |
| Claim payments | 248 | 425 | 390 |
| Change in outstandings | 240 | 418 | 381 |
| Outstandings | 336 | 754 | 1,135 |
| Commodity Credit Corporation guaranteed loans liquidating account: | | | |
| Claim payments | | | |
| Change in outstandings | -82 | -114 | -158 |
| Outstandings | 4,210 | 4,096 | 3,938 |
| Department of Commerce | | | |
| National Oceanic and Atmospheric Administration | | | |
| Federal ship financing fund, fishing vessels liquidating account: | | | |
| Claim payments | | | |
| Change in outstandings | | | |
| Outstandings | 24 | 24 | 24 |
| Department of Education | | | |
| Office of Student Financial Assistance | | | |
| Federal family education loan liquidating account: | | | |
| Claim payments | 314 | 190 | 109 |
| Change in outstandings | -2,122 | -795 | -724 |
| Outstandings | 13,187 | 12,392 | 11,668 |
| Federal family education loan program, financing account: | | | |
| Claim payments | 2,045 | 3,352 | 3,604 |
| Change in outstandings | 255 | 2,111 | 1,998 |
| Outstandings | 8,701 | 10,812 | 12,810 |
| Department of Health and Human Services | | | |
| Health Resources and Services Administration | | | |
| Health education assistance loans financing account: | | | |
| Claim payments | 9 | 22 | 28 |
| Change in outstandings | 6 | 19 | 24 |
| Outstandings | 38 | 57 | 81 |
| Health education assistance loans liquidating account: | | | |
| Claim payments | 20 | 23 | 18 |
| Change in outstandings | 2 | -21 | -26 |
| Outstandings | 496 | 475 | 449 |
| Department of Housing and Urban Development | | | |
| Housing Programs | | | |
| FHA-Mutual mortgage and cooperative housing insurance funds liquidating account: | | | |
| Claim payments | 11 | 5 | 3 |
| Change in outstandings | -24 | -266 | 2 |
| Outstandings | 270 | 4 | 6 |
| FHA-General and special risk insurance funds liquidating account: | | | |
| Claim payments | 172 | 136 | 170 |
| Change in outstandings | -99 | -393 | -776 |
| Outstandings | 1,890 | 1,497 | 721 |
| FHA-General and special risk guaranteed loan financing account: | | | |
| Claim payments | 243 | 407 | 510 |
| Change in outstandings | 110 | 302 | 365 |
| Outstandings | 491 | 793 | 1,158 |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|------|
| | | 2000 | 2001 |
| FHA-Mutual mortgage insurance guaranteed loan financing account: | | | |
| Claim payments | 35 | 14 | 26 |
| Change in outstandings | 21 | -334 | 22 |
| Outstandings | 369 | 35 | 57 |
| Department of the Interior | | | |
| Bureau of Indian Affairs | | | |
| Indian loan guaranty and insurance fund liquidating account: | | | |
| Claim payments | | | |
| Change in outstandings | -3 | -2 | -2 |
| Outstandings | 29 | 27 | 25 |
| Indian guaranteed loan financing account: | | | |
| Claim payments | 3 | 1 | 1 |
| Change in outstandings | -3 | | |
| Outstandings | 41 | 41 | 41 |
| Department of Transportation | | | |
| Maritime Administration | | | |
| Federal ship financing fund liquidating account: | | | |
| Claim payments | 4 | | |
| Change in outstandings | -26 | -5 | -5 |
| Outstandings | 20 | 15 | 10 |
| Department of Veterans Affairs | | | |
| Veterans Benefits Administration | | | |
| Veterans housing benefit program fund liquidating account: | | | |
| Claim payments | 103 | 87 | 75 |
| Change in outstandings | -46 | -19 | -14 |
| Outstandings | 574 | 555 | 541 |
| Veterans housing benefit program fund guaranteed loan financing account: | | | |
| Claim payments | 114 | 121 | 136 |
| Change in outstandings | 94 | 89 | 91 |
| Outstandings | 197 | 286 | 377 |
| International Assistance Programs | | | |
| International Security Assistance | | | |
| Foreign military loan liquidating account: | | | |
| Claim payments | 24 | 14 | 21 |
| Change in outstandings | 13 | 11 | 21 |
| Outstandings | 14 | 25 | 46 |
| Agency for International Development | | | |
| Housing and other credit guaranty programs liquidating account: | | | |
| Claim payments | 56 | 32 | 40 |
| Change in outstandings | 15 | 8 | 14 |
| Outstandings | 500 | 508 | 522 |
| Microenterprise and small enterprise development guaranteed loan financing account: | | | |
| Claim payments | 2 | 1 | 1 |
| Change in outstandings | 2 | 1 | 1 |
| Outstandings | 3 | 4 | 5 |
| Overseas Private Investment Corporation | | | |
| Overseas Private Investment Corporation guaranteed loan financing account: | | | |
| Claim payments | 5 | 50 | 50 |
| Change in outstandings | 2 | 45 | 33 |
| Outstandings | 17 | 62 | 95 |
| Small Business Administration | | | |
| Pollution control equipment fund liquidating account: | | | |
| Claim payments | 3 | | |
| Change in outstandings | 2 | -1 | -1 |
| Outstandings | 47 | 46 | 45 |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|---------|
| | | 2000 | 2001 |
| Business guaranteed loan financing account: | | | |
| Claim payments | 630 | 643 | 656 |
| <i>Change in outstandings</i> | -81 | -15 | 241 |
| Outstandings | 753 | 738 | 979 |
| Business loan fund liquidating account: | | | |
| Claim payments | 69 | 41 | 28 |
| <i>Change in outstandings</i> | -88 | -168 | -278 |
| Outstandings | 1,378 | 1,210 | 932 |
| Subtotal, defaulted guaranteed loans that result in a loan receivable: | | | |
| Claim payments | 4,110 | 5,564 | 5,866 |
| <i>Change in outstandings</i> | -1,812 | 871 | 1,209 |
| Outstandings | 33,585 | 34,456 | 35,665 |
| Total: | | | |
| Obligations | 38,392 | 38,548 | 44,243 |
| Loan disbursements | 41,839 | 42,855 | 41,712 |
| <i>Change in outstandings</i> | 11,591 | 14,975 | 11,060 |
| Outstandings | 234,001 | 248,976 | 260,036 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|-------|
| | | 2000 | 2001 |
| Department of Agriculture | | | |
| Farm Service Agency | | | |
| Agricultural credit insurance fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -182 | -205 | -112 |
| Outstandings | 594 | 389 | 277 |
| Agricultural credit insurance fund guaranteed loan financing account: | | | |
| Commitments | 2,551 | 4,042 | 3,478 |
| New guaranteed loans | 2,349 | 3,083 | 3,130 |
| Change in outstandings | 731 | 959 | 724 |
| Outstandings | 7,023 | 7,982 | 8,706 |
| Commodity Credit Corporation export guarantee financing account: | | | |
| Commitments | 3,045 | 3,787 | 3,792 |
| New guaranteed loans | 244 | 3,501 | 3,501 |
| Change in outstandings | -87 | -1,050 | -590 |
| Outstandings | 6,739 | 5,689 | 5,099 |
| Commodity Credit Corporation guaranteed loans liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -214 | | |
| Outstandings | | | |
| Natural Resources Conservation Service | | | |
| Agricultural resource conservation demonstration guaranteed loan financing account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | | | |
| Outstandings | 24 | 24 | 24 |
| Rural Utilities Service | | | |
| Rural communication development fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -1 | | |
| Outstandings | 4 | 4 | 4 |
| Rural development insurance fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -96 | -51 | -31 |
| Outstandings | 131 | 80 | 49 |
| Rural electrification and telecommunications guaranteed loans financing account: | | | |
| Commitments | 150 | 500 | 400 |
| New guaranteed loans | 16 | 133 | 176 |
| Change in outstandings | 16 | 131 | 173 |
| Outstandings | 16 | 147 | 320 |
| Rural water and waste water disposal guaranteed loans financing account: | | | |
| Commitments | 6 | 75 | 75 |
| New guaranteed loans | 20 | 69 | 44 |
| Change in outstandings | 19 | 67 | 41 |
| Outstandings | 20 | 87 | 128 |
| Rural electrification and telecommunications liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -152 | -20 | -20 |
| Outstandings | 409 | 389 | 369 |
| Rural Housing Service | | | |
| Rural housing insurance fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -4 | -2 | -3 |
| Outstandings | 23 | 21 | 18 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|---------------|---------------|
| | | 2000 | 2001 |
| Rural housing insurance fund guaranteed loan financing account: | | | |
| Commitments | 3,052 | 3,300 | 3,900 |
| New guaranteed loans | 3,085 | 2,966 | 3,497 |
| Change in outstandings | 2,566 | 2,287 | 2,661 |
| Outstandings | 9,772 | 12,059 | 14,720 |
| Rural community facility guaranteed loans financing account: | | | |
| Commitments | 107 | 210 | 210 |
| New guaranteed loans | 59 | 131 | 165 |
| Change in outstandings | 39 | 119 | 147 |
| Outstandings | 194 | 313 | 460 |
| Rural Business—Cooperative Service | | | |
| Rural business and industry guaranteed loans financing account: | | | |
| Commitments | 1,281 | 869 | 1,250 |
| New guaranteed loans | 1,027 | 1,134 | 1,059 |
| Change in outstandings | 887 | 956 | 838 |
| Outstandings | 2,763 | 3,719 | 4,557 |
| Department of Commerce | | | |
| Departmental Management | | | |
| Emergency oil and gas guaranteed loan financing account: | | | |
| Commitments | | 500 | |
| New guaranteed loans | | 500 | |
| Change in outstandings | | 500 | -50 |
| Outstandings | | 500 | 450 |
| Emergency steel guaranteed loan financing account: | | | |
| Commitments | | 1,000 | |
| New guaranteed loans | | 1,000 | |
| Change in outstandings | | 1,000 | -100 |
| Outstandings | | 1,000 | 900 |
| Economic Development Administration | | | |
| Economic development revolving fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -10 | -2 | |
| Outstandings | 3 | 1 | 1 |
| National Oceanic and Atmospheric Administration | | | |
| Fisheries finance, guaranteed loan financing account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -9 | -24 | -24 |
| Outstandings | 71 | 47 | 23 |
| Federal ship financing fund, fishing vessels liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -14 | -10 | -9 |
| Outstandings | 54 | 44 | 35 |
| Department of Defense—Military | | | |
| Operation and Maintenance | | | |
| Defense export loan guarantee financing account: | | | |
| Commitments | | | |
| New guaranteed loans | 5 | | |
| Change in outstandings | 1 | -4 | -5 |
| Outstandings | 16 | 12 | 7 |
| Procurement | | | |
| Arms initiative guaranteed loan financing account: | | | |
| Commitments | | 8 | |
| New guaranteed loans | | 8 | |
| Change in outstandings | | 7 | -2 |
| Outstandings | 10 | 17 | 15 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|---|----------------|----------|---------|
| | | 2000 | 2001 |
| Family Housing | | | |
| Family housing improvement guaranteed loan financing account: | | | |
| Commitments | | 563 | 507 |
| New guaranteed loans | | 29 | |
| Change in outstandings | | 29 | |
| Outstandings | | 29 | 29 |
| Department of Education | | | |
| Office of Student Financial Assistance | | | |
| Federal family education loan liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -4,387 | -4,084 | -2,781 |
| Outstandings | 13,910 | 9,826 | 7,045 |
| Federal family education loan program financing account: | | | |
| Commitments | 27,497 | 28,326 | 29,853 |
| New guaranteed loans | 21,914 | 25,261 | 26,472 |
| Change in outstandings | 13,260 | 9,524 | 7,958 |
| Outstandings | 112,768 | 122,292 | 130,250 |
| Department of Health and Human Services | | | |
| Health Resources and Services Administration | | | |
| Health education assistance loans financing account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -11 | -23 | -30 |
| Outstandings | 1,551 | 1,528 | 1,498 |
| Health education assistance loans liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -69 | -83 | -87 |
| Outstandings | 1,343 | 1,260 | 1,173 |
| Health center guaranteed loan financing account: | | | |
| Commitments | | 100 | 51 |
| New guaranteed loans | | 100 | 51 |
| Change in outstandings | | 100 | 51 |
| Outstandings | 9 | 109 | 160 |
| Medical facilities guarantee and loan fund: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -37 | -30 | -15 |
| Outstandings | 45 | 15 | |
| Department of Housing and Urban Development | | | |
| Public and Indian Housing Programs | | | |
| Low-rent public housing—loans and other expenses: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -281 | -281 | -281 |
| Outstandings | 3,026 | 2,745 | 2,464 |
| Indian housing loan guarantee fund financing account: | | | |
| Commitments | 12 | 72 | 72 |
| New guaranteed loans | 17 | 40 | 40 |
| Change in outstandings | 9 | 37 | 37 |
| Outstandings | 47 | 84 | 121 |
| Title VI Indian federal guarantees financing account: | | | |
| Commitments | | 55 | 43 |
| New guaranteed loans | | 55 | 43 |
| Change in outstandings | | 52 | 40 |
| Outstandings | | 52 | 92 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|---------|
| | | 2000 | 2001 |
| Community Planning and Development | | | |
| Revolving fund (liquidating programs): | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -1 | -1 | |
| Outstandings | 1 | | |
| Community development loan guarantees financing account: | | | |
| Commitments | 432 | 1,261 | 1,217 |
| New guaranteed loans | 468 | 650 | 825 |
| Change in outstandings | 320 | 450 | 575 |
| Outstandings | 1,509 | 1,959 | 2,534 |
| Community development loan guarantees liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -31 | -25 | -25 |
| Outstandings | 134 | 109 | 84 |
| America's private investment companies financing account: | | | |
| Commitments | | 541 | 1,000 |
| New guaranteed loans | | 395 | 771 |
| Change in outstandings | | 395 | 771 |
| Outstandings | | 395 | 1,166 |
| Housing Programs | | | |
| FHA-Mutual mortgage and cooperative housing insurance funds liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -15,164 | -8,482 | -6,897 |
| Outstandings | 55,866 | 47,384 | 40,487 |
| FHA-General and special risk insurance funds liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -3,685 | -2,852 | -2,151 |
| Outstandings | 32,905 | 30,053 | 27,902 |
| FHA-General and special risk guaranteed loan financing account: | | | |
| Commitments | 16,924 | 15,905 | 16,677 |
| New guaranteed loans | 16,074 | 15,330 | 16,551 |
| Change in outstandings | 6,995 | 9,974 | 11,146 |
| Outstandings | 59,692 | 69,666 | 80,812 |
| FHA-Loan guarantee recovery fund—financing account: | | | |
| Commitments | 1 | 7 | |
| New guaranteed loans | 1 | 4 | 4 |
| Change in outstandings | 1 | 4 | 4 |
| Outstandings | 2 | 6 | 10 |
| FHA-Mutual mortgage insurance guaranteed loan financing account: | | | |
| Commitments | 123,546 | 122,658 | 158,993 |
| New guaranteed loans | 113,174 | 122,341 | 149,883 |
| Change in outstandings | 46,299 | 74,358 | 85,830 |
| Outstandings | 355,608 | 429,966 | 515,796 |
| Government National Mortgage Association | | | |
| Guarantees of mortgage-backed securities liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -95,853 | | -2 |
| Outstandings | 156 | 156 | 154 |
| Guarantees of mortgage-backed securities financing account: | | | |
| Commitments | 163,508 | 114,311 | 96,262 |
| New guaranteed loans | 163,508 | 114,311 | 96,262 |
| Change in outstandings | 123,697 | 30,255 | 7,437 |
| Outstandings | 569,312 | 599,567 | 607,004 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|---------|
| | | 2000 | 2001 |
| Department of the Interior | | | |
| Bureau of Indian Affairs | | | |
| Indian loan guaranty and insurance fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -8 | -7 | -6 |
| Outstandings | 32 | 25 | 19 |
| Indian guaranteed loan financing account: | | | |
| Commitments | 32 | 60 | 82 |
| New guaranteed loans | 32 | 60 | 82 |
| Change in outstandings | 7 | 33 | 53 |
| Outstandings | 120 | 153 | 206 |
| Department of Transportation | | | |
| Office of the Secretary | | | |
| Minority business resource center guaranteed loan financing account: | | | |
| Commitments | | | 14 |
| New guaranteed loans | | | 7 |
| Change in outstandings | | | 5 |
| Outstandings | | | 5 |
| Federal Highway Administration | | | |
| Transportation infrastructure finance and innovation (TIFIA) program loan guarantee financing account: | | | |
| Commitments | 600 | 720 | 880 |
| New guaranteed loans | | 1,320 | 880 |
| Change in outstandings | | 1,320 | 880 |
| Outstandings | | 1,320 | 2,200 |
| Maritime Administration | | | |
| Federal ship financing fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -76 | -52 | -57 |
| Outstandings | 321 | 269 | 212 |
| Maritime guaranteed loan (Title XI) financing account: | | | |
| Commitments | 1,767 | 1,505 | 40 |
| New guaranteed loans | 1,767 | 1,505 | 40 |
| Change in outstandings | 954 | 1,334 | -192 |
| Outstandings | 3,411 | 4,745 | 4,553 |
| Department of Veterans Affairs | | | |
| Veterans Benefits Administration | | | |
| Veterans housing benefit program fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | 38 | | |
| Change in outstandings | -5,770 | -4,425 | -3,372 |
| Outstandings | 17,638 | 13,213 | 9,841 |
| Veterans housing benefit program fund guaranteed loan financing account: | | | |
| Commitments | 44,061 | 34,104 | 30,334 |
| New guaranteed loans | 44,061 | 34,104 | 30,334 |
| Change in outstandings | 16,263 | 2,647 | -3,085 |
| Outstandings | 203,651 | 206,298 | 203,213 |
| Miscellaneous veterans housing loans guaranteed loan financing account: | | | |
| Commitments | | 20 | 13 |
| New guaranteed loans | | 20 | 13 |
| Change in outstandings | | 20 | 11 |
| Outstandings | | 20 | 31 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|----------------|----------|-------|
| | | 2000 | 2001 |
| International Assistance Programs | | | |
| International Security Assistance | | | |
| Foreign military loan liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -380 | -371 | -357 |
| Outstandings | 4,924 | 4,553 | 4,196 |
| Agency for International Development | | | |
| Loan guarantees to Israel financing account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | | | |
| Outstandings | 9,226 | 9,226 | 9,226 |
| Development credit authority guaranteed loan financing account: | | | |
| Commitments | 93 | 69 | 213 |
| New guaranteed loans | | 75 | 114 |
| Change in outstandings | | 75 | 114 |
| Outstandings | | 75 | 189 |
| Housing and other credit guaranty programs liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -74 | -76 | -84 |
| Outstandings | 1,760 | 1,684 | 1,600 |
| Private sector revolving fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | | | |
| Outstandings | 1 | 1 | 1 |
| Microenterprise and small enterprise development guaranteed loan financing account: | | | |
| Commitments | 50 | 56 | |
| New guaranteed loans | 39 | 44 | 30 |
| Change in outstandings | 11 | 22 | 10 |
| Outstandings | 42 | 64 | 74 |
| Urban and environmental credit guaranteed loan financing account: | | | |
| Commitments | 12 | 11 | |
| New guaranteed loans | 147 | 37 | 11 |
| Change in outstandings | 127 | 11 | -16 |
| Outstandings | 534 | 545 | 529 |
| Assistance for the independent states of the former Soviet Union: Ukraine export credit insurance financing account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -61 | | |
| Outstandings | | | |
| Overseas Private Investment Corporation | | | |
| Overseas Private Investment Corporation liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -12 | -14 | -55 |
| Outstandings | 69 | 55 | |
| Overseas Private Investment Corporation guaranteed loan financing account: | | | |
| Commitments | 2,333 | 2,333 | 1,000 |
| New guaranteed loans | 426 | 600 | 800 |
| Change in outstandings | 291 | 100 | 250 |
| Outstandings | 2,904 | 3,004 | 3,254 |
| Small Business Administration | | | |
| Pollution control equipment fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -11 | -11 | -11 |
| Outstandings | 46 | 35 | 24 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued
(in millions of dollars)

| Agency and Account | 1999 Actual | Estimate | |
|--|------------------|------------------|------------------|
| | | 2000 | 2001 |
| Business guaranteed loan financing account: | | | |
| Commitments | 12,652 | 17,760 | 19,784 |
| New guaranteed loans | 10,785 | 7,534 | 7,738 |
| Change in outstandings | 3,072 | 4,150 | 4,261 |
| Outstandings | 36,767 | 40,917 | 45,178 |
| Business loan fund liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | 2 | 1 | 1 |
| Change in outstandings | -1,152 | -579 | -432 |
| Outstandings | 2,652 | 2,073 | 1,641 |
| Other Independent Agencies | | | |
| Export-Import Bank of the United States | | | |
| Export-Import Bank liquidating account: | | | |
| Commitments | | | |
| New guaranteed loans | | | |
| Change in outstandings | -493 | -350 | -317 |
| Outstandings | 1,214 | 864 | 547 |
| Export-Import Bank guaranteed loan financing account: | | | |
| Commitments | 12,165 | 14,664 | 15,040 |
| New guaranteed loans | 8,901 | 11,998 | 11,512 |
| Change in outstandings | 1,437 | 6,015 | -554 |
| Outstandings | 24,151 | 30,166 | 29,612 |
| National Credit Union Administration | | | |
| Credit union share insurance fund: | | | |
| Commitments | 1 | 1 | 1 |
| New guaranteed loans | 1 | 1 | 1 |
| Change in outstandings | | | |
| Outstandings | 1 | 1 | 1 |
| Presidio Trust | | | |
| Presidio Trust guaranteed loan financing account: | | | |
| Commitments | | | 100 |
| New guaranteed loans | | | 100 |
| Change in outstandings | | | 100 |
| Outstandings | | | 100 |
| Subtotal, guaranteed loans (gross) | | | |
| Commitments | 415,878 | 369,393 | 385,281 |
| New guaranteed loans | 388,160 | 348,340 | 354,137 |
| Change in outstandings | 88,677 | 123,817 | 102,364 |
| Outstandings | 1,545,214 | 1,669,031 | 1,771,395 |
| Less, secondary guaranteed loans: ¹ | | | |
| GNMA guarantees of FmHA/VA/FHA pools: | | | |
| Commitments | -163,508 | -114,311 | -96,262 |
| New guaranteed loans | -163,508 | -114,311 | -96,262 |
| Change in outstandings | -27,844 | -30,255 | -7,435 |
| Outstandings | -569,468 | -599,723 | -607,158 |
| Total, primary guaranteed loans: ² | | | |
| Commitments | 252,370 | 255,082 | 289,019 |
| New guaranteed loans | 224,652 | 234,029 | 257,875 |
| Change in outstandings | 60,833 | 93,562 | 94,929 |
| Outstandings | 975,746 | 1,069,308 | 1,164,237 |

¹ Loans guaranteed by FHA, VA, or FmHA are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

² When guaranteed loans result in loans receivable, they are shown in the direct loan table.

Table 8-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)¹
(in millions of dollars)

| Enterprise | 1999 Actual | Estimate | |
|--|----------------|-----------|-----------|
| | | 2000 | 2001 |
| LENDING | | | |
| Student Loan Marketing Association: | | | |
| <i>Net change</i> | 8,329 | -3,927 | -6,030 |
| Outstandings | 37,797 | 33,870 | 27,840 |
| Federal National Mortgage Association: | | | |
| Portfolio programs: | | | |
| <i>Net change</i> | 125,419 | 81,090 | 92,389 |
| Outstandings | 518,629 | 599,719 | 692,108 |
| Mortgage-backed securities: | | | |
| <i>Net change</i> | 46,936 | 20,023 | 29,285 |
| Outstandings | 674,297 | 694,320 | 723,605 |
| Federal Home Loan Mortgage Corporation: | | | |
| Portfolio programs: | | | |
| <i>Net change</i> | 99,446 | 39,843 | 40,008 |
| Outstandings | 315,968 | 355,811 | 395,819 |
| Mortgage-backed securities: | | | |
| <i>Net change</i> | 38,526 | 87,619 | 101,540 |
| Outstandings | 529,213 | 616,832 | 718,372 |
| Farm Credit System: | | | |
| Agricultural credit bank: ² | | | |
| <i>Net change</i> | 1,481 | 452 | 1,176 |
| Outstandings | 18,093 | 18,545 | 19,721 |
| Farm credit banks: | | | |
| <i>Net change</i> | 1,762 | 1,143 | 1,973 |
| Outstandings | 45,823 | 46,966 | 48,939 |
| Federal Agricultural Mortgage Corporation: | | | |
| <i>Net change</i> | 1,009 | 1,261 | 1,576 |
| Outstandings | 2,057 | 3,318 | 4,894 |
| Federal Home Loan Banks: | | | |
| <i>Net change</i> | 121,375 | 2,043 | 2,043 |
| Outstandings | 366,842 | 368,885 | 370,928 |
| Subtotal GSE lending (gross): | | | |
| <i>Net change</i> | 444,283 | 229,547 | 263,960 |
| Outstandings | 2,508,719 | 2,738,266 | 3,002,226 |
| Less guaranteed loans purchased by: | | | |
| Student Loan Marketing Association: | | | |
| <i>Net change</i> | 8,329 | -3,927 | -6,030 |
| Outstandings | 37,797 | 33,870 | 27,840 |
| Federal National Mortgage Association: | | | |
| <i>Net change</i> | 20,484 | -254 | 1,220 |
| Outstandings | 52,110 | 51,856 | 53,076 |
| Other: | | | |
| <i>Net change</i> | 6,269 | ..... | ..... |
| Outstandings | 20,794 | 20,794 | 20,794 |
| Total GSE lending (net): | | | |
| <i>Net change</i> | 409,201 | 181,872 | 268,770 |
| Outstandings | 2,398,018 | 2,652,540 | 2,900,516 |
| BORROWING | | | |
| Student Loan Marketing Association: | | | |
| <i>Net Change</i> | 8,074 | -4,466 | -6,910 |
| Outstandings | 41,591 | 37,125 | 30,215 |
| Federal National Mortgage Association: | | | |
| Portfolio programs: | | | |
| <i>Net Change</i> | 94,297 | 84,687 | 92,494 |
| Outstandings | 524,879 | 609,566 | 702,060 |
| Mortgage-backed securities: | | | |
| <i>Net Change</i> | 46,936 | 20,023 | 29,285 |
| Outstandings | 674,297 | 694,320 | 723,605 |

Table 8–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) ¹—
Continued
(in millions of dollars)

| Enterprise | 1999 Actual | Estimate | |
|---|----------------|-----------|-----------|
| | | 2000 | 2001 |
| Federal Home Loan Mortgage Corporation: | | | |
| Portfolio programs: | | | |
| <i>Net Change</i> | 104,627 | 62,427 | 39,088 |
| Outstandings | 341,014 | 403,441 | 442,529 |
| Mortgage-backed securities: | | | |
| <i>Net Change</i> | 38,526 | 87,619 | 101,540 |
| Outstandings | 529,213 | 616,832 | 718,372 |
| Farm Credit System: | | | |
| Agricultural credit bank: ² | | | |
| <i>Net Change</i> | 1,389 | 486 | 1,266 |
| Outstandings | 19,468 | 19,954 | 21,220 |
| Farm credit banks: | | | |
| <i>Net Change</i> | 2,373 | 1,818 | 2,169 |
| Outstandings | 50,087 | 51,905 | 54,074 |
| Federal Agricultural Mortgage Corporation: | | | |
| <i>Net Change</i> | 975 | 288 | 9 |
| Outstandings | 2,573 | 2,861 | 2,870 |
| Federal Home Loan Banks: | | | |
| <i>Net Change</i> | 141,210 | ..... | ..... |
| Outstandings | 477,472 | 477,472 | 477,472 |
| Subtotal GSE borrowing (gross): | | | |
| <i>Net change</i> | 349,182 | 142,934 | 124,681 |
| Outstandings | 1,425,742 | 1,568,676 | 1,693,357 |
| Less borrowing from other GSEs: | | | |
| <i>Net Change</i> | 30,390 | ..... | ..... |
| Outstandings | 96,387 | 96,387 | 96,387 |
| Less purchase of Federal debt securities: | | | |
| <i>Net Change</i> | -292 | 14 | 9 |
| Outstandings | 1,668 | 1,682 | 1,691 |
| Less borrowing to purchase loans guaranteed by: | | | |
| Student Loan Marketing Association: | | | |
| <i>Net Change</i> | 8,329 | -3,927 | -6,030 |
| Outstandings | 37,797 | 33,870 | 27,840 |
| Federal National Mortgage Association: | | | |
| <i>Net Change</i> | 20,484 | -254 | 1,220 |
| Outstandings | 52,110 | 51,856 | 53,076 |
| Other: | | | |
| <i>Net Change</i> | 6,269 | ..... | ..... |
| Outstandings | 20,794 | 20,794 | 20,794 |
| Total GSE borrowing (net): | | | |
| <i>Net change</i> | 284,002 | 147,101 | 129,482 |
| Outstandings | 1,216,986 | 1,364,087 | 1,493,569 |

¹ The estimates of borrowing and lending were developed by the GSEs based on certain assumptions but are subject to periodic review and revision and do not represent official GSE forecasts of future activity, nor are they reviewed by the President. The data for all years include programs of mortgage-backed securities. In cases where a GSE owns securities issued by the same GSE, including mortgage-backed securities, the borrowing and lending data for that GSE are adjusted to remove double-counting.

² The remaining Bank for Cooperatives was combined with the Agricultural credit bank as of July 1, 1999. Agricultural credit bank data for 1999 include data for Bank for Cooperatives.

Table 8-12. GOVERNMENT-SPONSORED ENTERPRISE PARTICIPATION IN THE CREDIT MARKET¹

(dollar amounts in billions)

| | Actual | | | | | | | | | | |
|---|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 1996 | 1997 | 1998 | 1999 |
| Total net lending in credit market ² | 66.8 | 88.2 | 169.6 | 336.9 | 829.3 | 704.1 | 720.4 | 727.1 | 713.5 | 975.3 | 1,091.4 |
| Government-sponsored enterprise loans | 1.2 | 4.9 | 5.3 | 21.4 | 57.9 | 115.4 | 125.7 | 141.5 | 112.8 | 293.1 | 284.0 |
| GSE lending participation rate (percent) | 1.8 | 5.6 | 3.1 | 6.4 | 7.0 | 16.4 | 17.4 | 19.5 | 15.8 | 30.1 | 26.0 |
| Total net borrowing in credit market ² | 66.8 | 88.2 | 169.6 | 336.9 | 829.3 | 704.1 | 720.4 | 727.1 | 713.5 | 975.3 | 1,091.4 |
| Government-sponsored enterprise borrowing .. | 1.4 | 5.2 | 5.5 | 24.1 | 60.7 | 90.0 | 68.2 | 161.2 | 107.9 | 276.2 | 346.8 |
| GSE borrowing participation rate (percent) | 2.1 | 5.9 | 3.2 | 7.2 | 7.3 | 12.8 | 9.5 | 35.7 | 15.1 | 36.6 | 31.8 |

¹ Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending) by nonfinancial sectors, because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that the GSEs assist through intermediation. The GSEs assist the ultimate nonfinancial borrower by purchasing its loans from the initial, direct lender or by other methods, which they finance by issuing securities themselves in the credit market. Borrowing and lending include mortgage-backed securities, because the GSEs assist nonfinancial borrowers through this type of intermediation as well as by types of intermediation that involve financial instruments recognized on the GSEs' balance sheets. The data for this table are adjusted, with some degree of approximation, to remove double counting in making a comparison with other Federal and federally guaranteed transactions. GSE borrowing and lending are calculated net of transactions between components of GSEs and transactions in guaranteed loans; GSE borrowing is also calculated net of borrowing from other GSEs and purchases of Federal debt securities.

² Total net borrowing (or lending) in credit market by domestic nonfinancial sectors, excluding equities. Credit market borrowing (lending) is the acquisition (loan) of funds other than equities through formal credit channels. Financial sectors are omitted from the series used in this table to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Equities, trade credit, security credit, and other sources of funds are also excluded from this series. Source: Federal Reserve Board flow of funds accounts. Estimates for 2000 and 2001 are not available.

Table 8-13. BORROWING BY FINANCING VEHICLES ¹
(in millions of dollars)

| Financing Vehicle | 1999 Actual | Estimate | |
|--|----------------|----------|--------|
| | | 2000 | 2001 |
| Financing Corporation (FICO): | | | |
| <i>Net change</i> | 1 | 1 | 2 |
| Outstandings | 8,146 | 8,147 | 8,149 |
| Resolution Funding Corporation (REFCORP): | | | |
| <i>Net change</i> | -2 | -3 | -2 |
| Outstandings | 30,067 | 30,064 | 30,062 |
| Subtotal, gross borrowing: | | | |
| <i>Net change</i> | -1 | -2 | 0 |
| Outstandings | 38,213 | 38,211 | 38,211 |
| Less purchases of Federal debt securities: | | | |
| <i>Net change</i> | 7 | 551 | 595 |
| Outstandings | 6,617 | 7,168 | 7,763 |
| Total, net borrowing: | | | |
| <i>Net change</i> | -8 | -549 | -595 |
| Outstandings | 31,596 | 31,047 | 30,452 |

¹ Financing vehicles are Government corporations established pursuant to law in order to provide financing for a Federal program but excluded from the on-budget and off-budget totals. FICO and REFCORP borrowed from the public in the past but have not loaned to the public. During the period covered by this table, the change in debt outstanding is due solely to the amortization of discounts and premiums. No sale or redemption of debt securities occurred in 1999 or is estimated to occur in 2000 or 2001.

9. AID TO STATE AND LOCAL GOVERNMENTS ¹

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

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, infrastructure, education, and social services. Federal grant outlays were \$267.1 billion in 1999 and are estimated to increase to \$284.1 billion in 2000 and \$305.6 billion in 2001.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 62 percent of total grants in 2001; for physical capital investment, 17 percent; and for all other purposes, largely education, training, and social services, 21 percent.

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are revenue losses due to preferential provisions of the Federal tax laws, such as special exclusions, exemptions, deductions, credits, deferrals, or tax rates.

The two major tax expenditures benefitting State and local governments are the deductibility of personal income and property taxes from gross income for Federal income tax purposes, and the exclusion of interest on State and local public purpose bonds from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be \$95.4 billion in 2000 and \$98.7 billion in 2001. A detailed discussion of the measurement and definition of tax expenditures and a complete list of the amount of specific tax expenditures are in Chapter 5, "Tax Expenditures." As discussed in that chapter, there are generally interactions among tax ex-

penditure provisions, so that the estimates above only approximate the aggregate effect of these provisions.

Tax expenditures that especially aid State and local governments are displayed separately at the end of Table 5-5 in that chapter.

Table 9-1. FEDERAL GRANT OUTLAYS BY AGENCY

(In billions of dollars)

| Agency | 1999 actual | Estimate | |
|---|----------------|--------------|--------------|
| | | 2000 | 2001 |
| Department of Agriculture | 18.8 | 19.7 | 20.4 |
| Department of Commerce | 0.5 | 0.6 | 0.7 |
| Department of Education | 19.4 | 22.8 | 23.5 |
| Department of Energy | 0.2 | 0.1 | 0.2 |
| Department of Health and Human Services | 148.8 | 160.7 | 174.7 |
| Department of Housing and Urban Development | 27.7 | 24.9 | 26.2 |
| Department of the Interior | 2.0 | 2.2 | 2.2 |
| Department of Justice | 4.5 | 3.8 | 6.4 |
| Department of Labor | 7.6 | 8.3 | 8.7 |
| Department of Transportation | 28.9 | 32.3 | 34.3 |
| Department of the Treasury | 0.5 | 0.5 | 0.5 |
| Department of Veterans Affairs | 0.3 | 0.4 | 0.4 |
| Environmental Protection Agency | 3.0 | 3.3 | 3.6 |
| Federal Emergency Management Agency | 3.4 | 2.7 | 2.1 |
| Other agencies | 1.8 | 1.8 | 1.6 |
| Total | 267.1 | 284.1 | 305.6 |

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$174.7 billion in 2001, 57 percent of total grants, more than five times as much as any other agency.

HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Major proposals in this budget affect Federal aid to State and local governments and the important relationships between the levels of government. Through the use of grants, the Federal government can share with State and local governments the cost and, ultimately, the benefits of a better educated, healthier, and safer citizenry. The Administration is committed to working with State and local governments to make our Federal system more efficient and effective and to improving the design and administration of Federal grant programs. One way the Administration will do this is

by leading a governmentwide effort to use electronic processing in the administration of grant programs.

This budget continues the Administration's commitment to giving State and local governments increased flexibility. Through the use of grants, Federal agencies can create partnerships with State and local governments that focus on joint goals and the progress made toward meeting them. The Administration's efforts to improve the grant administration process will include efforts to identify statutory impediments to grants simplification and encourage flexible legislation, such as

¹Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service

to the public. The three primary forms of aid are grants, loan subsidies, and tax expenditures.

the Workforce Investment Act of 1998, which allows Federal agencies to streamline the delivery of grants.

In addition, this budget proposes several initiatives to increase access to health care, to increase child care assistance for low-income families, to help States recruit new teachers and reduce class sizes, to encourage investment in distressed communities, and to protect the environment and encourage "smart-growth."

Highlights of grants to State and local governments follow. For additional information on grants, see the detailed Table 9-3 in this Chapter, or information in the Budget volume.

Education

This budget requests \$23.5 billion in budget authority for 2001 for grants to State and local governments for education, an increase of \$7.5 billion above the 2000 amount of \$16.0 billion. The education proposals in this budget will help States improve accountability for school and student performance, enhance teacher quality, acquire better technology, and support innovative programs.

The budget includes \$8.4 billion for Title I grants to local educational agencies, providing \$250 million for an Accountability Fund to help accelerate States' implementation of accountability provisions in the Title I program, nearly doubling the amount available in 2000. The Accountability Fund will help States identify their lowest performing schools, intervene with effective strategies to improve student outcomes, and report on their results.

The budget proposes \$1,750 million, an increase of \$450 million over 2000, as the third installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades. The budget provides \$1.0 billion to help States and districts provide sustained, content-rich professional development, and support State efforts to align curricula and assessments with content standards.

The Administration's education technology programs serve to make modern computers and technologies accessible to all students; connect classrooms to the Internet; make high-quality educational software an integral part of the curriculum; and enable teachers to effectively integrate technology into their instruction. The budget provides \$903 million for education technology.

A variety of innovative programs to improve the educational development of the Nation's students are proposed, or expanded from previous funding levels. As part of a comprehensive approach to fix failing schools the budget more than doubles the funding of the 21st Century Community Learning Centers/After School Programs to \$1.0 billion. In 2001 more than 10,000 schools will receive 21st Century Community Learning Center grants. The budget requests \$247 million in competitive grants under the interagency Safe Schools/Healthy Students program, which includes contributions from the Departments of Health and Human Services, Justice, and Labor; \$50 million for the newly es-

tablished Coordinator initiative to ensure that more than 1,300 middle schools have a director of drug and violence prevention programs to monitor local programs and link school-based programs to community-based programs; and \$10 million for Project SERV, a resource for responding to school violence incidents. The Administration proposes \$175 million in funding for charter schools, enough to support 2,400 schools in 2001 and continue progress toward the President's goal of 3,000 charter schools by 2002. In addition, in 2001, \$1.3 billion is requested to repair the Nation's schools.

For higher education, this budget proposes to increase funds for GEAR-UP by \$125 million in 2001. This program provides funds for States and for local partnerships to help students in high-poverty schools prepare for and attend college.

Training and Employment

Several initiatives in the budget continue the Administration's efforts to reform the Nation's workforce development system and increase job training opportunities to help workers succeed in the economy of the 21st Century.

The Workforce Investment Act of 1998 (WIA) takes full effect on July 1, 2000, as the Job Training Partnership Act is repealed and all States fully implement the WIA requirements. The budget includes funding for initiatives to ensure that: (1) all displaced workers would receive the training they want and need; (2) individuals who lose their job due to no fault of their own could get re-employment services; and (3) every American would have access to One-Stop Career Centers. The budget proposes \$1.8 billion for dislocated workers, an increase of \$181 million over 2000. The Employment Service provides a free labor exchange for all workers and job seekers, and is growing more effective through implementation of One-Stop Career Centers. The budget proposes \$1.0 billion for these activities.

In order to enhance the prospects of employment for individuals with disabilities, the budget includes \$20 million for competitive grants to partnerships or consortia in each State to provide new services and information for individuals with disabilities who want to return to work. To boost the skills and productivity of the U.S. workforce, the budget includes \$30 million for competitive grants to States for training and upgrading the skills of currently employed workers. Applicants would be required to provide non-Federal matching resources, and employers that received grant assistance would be expected to demonstrate that training increased participant earnings.

The Youth Opportunity Grants initiative addresses the special problems of out-of-school youth, especially in inner-cities and other areas where unemployment rates are high. The budget provides a total of \$375 million for this program, including \$250 million for the third year of 5-year competitive grants to 25-30 communities and \$125 million for this first year of competitive grants to 12-15 additional communities serving a total of about 85,000 disadvantaged youth.

To build on the investments and partnerships begun under the Welfare-to-Work program and the Workforce Investment Act, this budget includes an additional \$255 million for FathersWork/Families Win. This initiative would help low income noncustodial parents work and pay child support and help custodial parents stay in their jobs, move up the career ladder and remain off cash assistance. This program includes a \$10 million set aside to provide grants to Native Americans.

In 2001, the Responsible Reintegration of Young Offenders initiative will provide competitive grants to serve almost 19,000 young ex-offenders. The budget includes \$75 million for this new initiative to establish partnerships between the criminal justice system and local one-stop delivery systems created under the Workforce Investment Act.

Social Services

Head Start, America's premiere early childhood development program, supports working families by helping parents get involved in their children's educational lives and providing services to the entire family. In proposing the expansion of Head Start funding by \$1.0 billion and adding 61,000 Head Start pre-school slots and 9,000 Early Head Start slots, the Administration intends to increase participation in these programs by under-represented groups in specifically targeted areas.

This budget proposes to fund the social services block grant at \$1,775 million, \$75 million more than the authorized level to maintain funding at the 2000 level. Of this amount, \$25 million will be available to support second-chance homes for unmarried teen parents and their children. This block grant provides funding to States to support a wide range of programs including child protection and child welfare, child care, and services for the elderly and disabled.

Income Support

Welfare-to-work.—In addition to the \$16.5 billion per year provided through the Temporary Assistance for Needy Children Program, the Administration sought, and Congress provided, a total of \$3 billion in 1998 and 1999. This budget provides for a two-year extension of the time period grantees have to spend for their funds to continue their efforts and provide long-term recipients and non-custodial parents of children on welfare the work and employment services they need to help support their children.

Housing assistance.—The budget continues to reduce poverty concentrations by providing \$625 million in HOPE VI grants to local housing authorities to demolish 28,000 dilapidated non-viable public housing units over the next three years, and replace them with portable subsidies or newly constructed mixed income housing.

Food and nutrition assistance.—This budget requests \$9.4 billion for grants for the National School Lunch and School Breakfast Programs and other child

nutrition programs. These programs provide free or low-cost nutritious meals to children in participating schools. In 2001, the programs will serve an estimated 27.8 million lunches daily. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides vouchers for nutritious supplemental food packages, nutrition education and counseling, and health and immunization referrals. This budget request \$4.1 billion for WIC for 2001 to serve by year-end 7.5 million low-income women, infants, and children who are at nutritional risk.

Other income security.—The Child Care and Development Fund provides grants to States to improve the availability, affordability, and quality of child care. This budget proposes an increase of \$817 million for child care subsidies for low-income families, which is sufficient to provide subsidies for nearly 150,000 additional children. The budget also proposes to create an Early Learning Fund, which would provide community grants for activities to improve school readiness of children under five.

Health

This budget proposes \$133.4 billion in outlays for 2001 in grants to State and local governments for health, \$10.1 billion more than for 2000.

Medicaid.—Medicaid is the largest grant program, and outlays for Medicaid are projected to be \$124.8 billion in 2001. This Federal-State health care program served about 33 million low-income Americans in 1999. The Federal Government spent \$108 billion, 57 percent of the total, on the program in 1999 while States spent \$81 billion, or 43 percent. Medicaid covers a fourth of the Nation's children and is the largest single purchaser of maternity care as well as of nursing home services and other long-term care services; the program covers almost two-thirds of nursing home residents.

This budget proposes several new initiatives in Medicaid, including eligibility expansions to parents of Medicaid and SCHIP children (see below), people with long-term care needs in community settings, and legal immigrants. This budget steps up efforts to enroll eligible individuals in the program by extending and improving the transitional Medicaid program, allowing new sites to determine presumptive eligibility, and aligning Medicaid with SCHIP enrollment processes. This budget seeks to provide States with efficiencies in the Medicaid prescription drug program and includes other Medicaid-related proposals as well.

State Children's Health Insurance Program.—More than 11 million American children lack health insurance. To increase the number of children with insurance, the State Children's Health Insurance Program (SCHIP) was established in 1997 to provide \$24 billion over five years for States to expand health insurance coverage to low-income, uninsured children. SCHIP provides States with broad flexibility in pro-

gram design while protecting beneficiaries through basic Federal standards.

This budget requests \$4.5 billion in budget authority for 2001 for this program and proposes to allow States to provide health insurance coverage to parents of children eligible for Medicaid and SCHIP.

Other health.—This budget requests increased Federal spending for certain public health programs that assist State and local governments in addressing substance abuse, mental health, and HIV/AIDS for 2001. These increases include an additional \$31 million for the substance abuse block grant and \$60 million for the mental health block grant for State governments. Increased funds for State and local governments are also included in the \$125 million overall increase for Ryan White AIDS treatment grants.

Natural Resources and Environment

Federal water infrastructure funds in the State and Tribal Assistance grants account provide capitalization grants to State revolving funds, which make low-interest loans to help municipalities pay for wastewater and drinking water treatment systems required by Federal law. The proposed \$1.6 billion in budget authority in 2001 for the State Revolving Fund capitalization grants in this account is consistent with the Administration's plans to capitalize these funds to the point where the Clean Water State Revolving Funds and the Drinking Water State Revolving Funds provide a total of \$2.5 billion in average annual assistance.

Administration of Justice

The budget requests \$4.5 billion in budget authority in 2001 to help State and local governments fight crime, including \$542 million to assist crime victims. The 2001 budget builds on the success of the Community Oriented Policing Services (COPS) program and includes \$1.3 billion for the second year of the 21st Century Policing Initiative. This program expands the concept of community policing to include community prosecution, law enforcement technology assistance, and prevention. To combat the significant problem of violence against women, the budget proposes \$462 million to enhance the States' abilities to respond, and to further expand access to previously under-served rural, Indian, and other minority populations.

Transportation

This budget requests \$42.2 billion in budget authority in 2001 for grants to State and local governments to assist with transportation infrastructure and related programs.

Highways.—The budget requests \$34.0 billion in budget authority in 2001 for grants to States and local governments for highways. Most of this, or \$33.5 billion, is in the Federal-aid highways program to maintain and improve surface transportation infrastructure. In addition, States will be provided dedicated funding to heighten enforcement of traffic laws regarding com-

mercial drivers (e.g., truck and bus drivers). Grants to States to enforce Federal and compatible State standards for commercial motor vehicle safety inspections, traffic enforcement, and compliance reviews are proposed to increase 78 percent over 2000 to \$187 million in 2001.

Other transportation.—This budget requests \$6.2 billion in budget authority for 2001 to assist State and local governments with mass transit and \$2.0 billion to assist with the construction of airports.

Community and Regional Development

Community development.—This budget proposes \$1.4 billion in mandatory grant funding for the remaining nine years for the 15 Round II Urban Zones; and \$120 million in mandatory grant funding for the remaining eight years for the 5 Rural Zones and 20 Rural Enterprise Communities as the Administration proposed in 1999 and 2000. These grants would allow communities to implement comprehensive long term strategies to address their local needs.

This budget also proposes a series of tax measures to extend and improve economic growth in the 31 existing Round I and Round II Empowerment Zones and also proposes to create a Third Round of 10 new Empowerment Zones. The total cost of the President's tax expenditure proposals is approximately \$4 billion over 10 years. To encourage employment and growth, the Budget proposes to extend until 2009 the wage credit currently available only for Round I Zones through 2004, and to make the wage credit also available in Round II and Round III Zones through 2009. To lower the cost of investment for small businesses in Empowerment Zones, the Budget proposes to allow them to deduct an additional \$35,000 in investments above the normal small business investment deductions. The proposal also will allow local governments to issue tax-exempt bonds on behalf of Empowerment Zone businesses. Finally, the President's proposal would permanently extend the Brownfields Tax Incentive in Empowerment Zones.

Area and regional development.—The Administration proposes to give States, localities, and Tribes more flexibility in how they use the Department of Agriculture's rural development grants and loans for businesses, water and wastewater facilities, and community facilities such as day care centers and health clinics. The 1996 Farm Bill authorized this approach through a new Rural Community Advancement Program (RCAP), combining 12 separate programs into a performance partnership that can tailor assistance to the unique economic development needs of each rural community. The budget proposes \$3.4 billion in loans and grants for RCAP, 29 percent more than in 2000 and the full flexibility that the 1996 Farm Bill envisioned. It also re-proposes partnership technical assistance grants and grants for early-warning weather systems in areas prone to tornadoes.

As part of the Administration's multi-agency initiative for the Mississippi Delta Region (MDR), \$2 million of the partnership technical assistance grants are targeted to MDR counties (the 219 counties of the region as defined by P.L. 100-460). In addition, there is a set-aside of \$8 million in Intermediary Re-lending Program Loans for the MDR as well. The Administration is doubling the Appalachian Regional Commission's Entrepreneurship Initiative, which funds innovative eco-

nommic development projects in the region, from \$5 million to \$10 million in 2001.

Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume in Part IV, Part V, and elsewhere. As noted earlier, a detailed listing of budget authority and outlays for all grants to State and local governments is in Table 9-3 in this chapter.

HISTORICAL PERSPECTIVES

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

Table 9-2 displays trends in Federal grants to State and local governments since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants for the national defense, energy, and the veterans benefits and services functions are combined in the "other functions" line in the table.

Federal grants for transportation increased to \$3.0 billion, or 43 percent of all Federal grants, in 1960 after initiation of aid to States to build the Interstate Highway System in the late 1950s.

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

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

Since the late 1970s changes in the relative amounts among functions reflect steady growth of grants for health (Medicaid) and income security and restraint in most other areas. The functions with the largest amount of grants are health; income security; education, training, employment, and social services; and transportation, with combined estimated grant outlays of \$281.8 billion or 92 percent of total grant outlays in 2001.

The increase in total outlays for grants overall since 1990 has been driven by increases in grants for health, which more than tripled from \$43.9 billion in 1990 to

an estimated \$133.4 billion in 2001. The income security; education, training, employment, and social services; and transportation functions also increased substantially, but at a slower rate than the increase for health.

Section B of the Table shows the distribution of grants divided into mandatory and discretionary spending.

Funding for grant programs classified as mandatory occurs in authorizing legislation. Funding levels for mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are usually not limited by the annual appropriations process. Outlays for mandatory grant programs are estimated to be \$179.9 billion in 2001. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$124.8 billion in 2001, Temporary Assistance to Needy Families, \$15.8 billion in 2001, and Food Stamp grants for State administration and Child nutrition programs, with combined outlays of \$13.6 billion in 2001.

The funding level for discretionary grant programs is subject to approval by Congress annually through appropriations acts. Outlays for discretionary grant programs are estimated to be \$125.7 billion in 2001. Table 9-3 at the end of this chapter identifies discretionary and mandatory grant programs separately. For more information on the Budget Enforcement Act and these categories, see Chapter 24. "Budget System and Concepts and Glossary" in this volume.

Section C of the Table shows the composition of grants divided into three major categories: payments for individuals, grants for physical capital, and other grants² Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from 56 percent of the total in 1990 to 63 percent of the total in 1999. While payments for individuals will comprise 62 percent of grants in 2001, they are estimated to increase to an estimated 67 percent of the total by 2005.

These grants are distributed through State or local governments to provide cash or in-kind benefits that

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

Table 9-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS
(Outlays; dollar amounts in billions)

| | Actual | | | | | | | | | Estimate | | | | | |
|---|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| A. Distribution of grants by function: | | | | | | | | | | | | | | | |
| Natural resources and environment | 0.1 | 0.2 | 0.4 | 2.4 | 5.4 | 4.1 | 3.7 | 4.1 | 4.1 | 4.5 | 5.0 | 5.0 | 4.9 | 4.9 | 4.9 |
| Agriculture | 0.2 | 0.5 | 0.6 | 0.4 | 0.6 | 2.4 | 1.3 | 0.8 | 0.7 | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| Transportation | 3.0 | 4.1 | 4.6 | 5.9 | 13.0 | 17.0 | 19.2 | 25.8 | 28.9 | 32.3 | 34.3 | 35.9 | 35.9 | 36.4 | 36.8 |
| Community and regional development | 0.1 | 0.6 | 1.8 | 2.8 | 6.5 | 5.2 | 5.0 | 7.2 | 9.3 | 9.0 | 8.2 | 8.2 | 7.6 | 7.6 | 7.2 |
| Education, training, employment, and social services | 0.5 | 1.1 | 6.4 | 12.1 | 21.9 | 17.8 | 23.4 | 34.1 | 38.2 | 43.7 | 46.8 | 47.9 | 50.3 | 51.1 | 52.2 |
| Health | 0.2 | 0.6 | 3.8 | 8.8 | 15.8 | 24.5 | 43.9 | 93.6 | 114.0 | 123.3 | 133.4 | 145.5 | 160.0 | 174.8 | 189.8 |
| Income security | 2.6 | 3.5 | 5.8 | 9.4 | 18.5 | 27.2 | 35.2 | 55.1 | 64.2 | 63.2 | 67.2 | 70.3 | 73.3 | 75.9 | 77.7 |
| Justice | | | * | 0.7 | 0.5 | 0.1 | 0.6 | 1.2 | 4.8 | 4.2 | 6.7 | 5.2 | 4.7 | 4.5 | 4.5 |
| General government | 0.2 | 0.2 | 0.5 | 7.1 | 8.6 | 6.8 | 2.3 | 2.2 | 2.1 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| Other | 0.2 | 0.3 | 0.6 | 7.2 | 9.3 | 7.6 | 3.1 | 3.0 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 | 1.1 | 1.1 |
| Total | 7.0 | 10.9 | 24.1 | 49.8 | 91.4 | 105.9 | 135.3 | 225.0 | 267.1 | 284.1 | 305.6 | 321.8 | 340.4 | 359.1 | 377.2 |
| B. Distribution of Grants by BEA Category: | | | | | | | | | | | | | | | |
| Discretionary | NA | 2.9 | 10.2 | 21.0 | 53.3 | 55.5 | 63.3 | 94.0 | 112.0 | 116.8 | 125.7 | 128.3 | 130.2 | 132.3 | 133.7 |
| Mandatory | NA | 8.0 | 13.9 | 28.8 | 38.1 | 50.4 | 72.0 | 131.0 | 155.1 | 167.3 | 179.9 | 193.5 | 210.2 | 226.8 | 243.5 |
| Total | 7.0 | 10.9 | 24.1 | 49.8 | 91.4 | 105.9 | 135.3 | 225.0 | 267.1 | 284.1 | 305.6 | 321.8 | 340.4 | 359.1 | 377.2 |
| C. Composition: | | | | | | | | | | | | | | | |
| Current dollars: | | | | | | | | | | | | | | | |
| Payments for individuals ¹ | 2.5 | 3.7 | 8.7 | 16.8 | 32.6 | 49.3 | 75.7 | 141.2 | 167.7 | 175.6 | 189.0 | 203.7 | 220.4 | 237.1 | 253.6 |
| Physical capital ¹ | 3.3 | 5.0 | 7.1 | 10.9 | 22.6 | 24.9 | 27.2 | 39.6 | 43.9 | 48.7 | 51.7 | 53.2 | 53.6 | 54.9 | 55.5 |
| Other grants | 1.2 | 2.2 | 8.3 | 22.2 | 36.2 | 31.6 | 32.5 | 44.2 | 55.5 | 59.8 | 65.0 | 64.9 | 66.5 | 67.1 | 68.1 |
| Total | 7.0 | 10.9 | 24.1 | 49.8 | 91.4 | 105.9 | 135.3 | 225.0 | 267.1 | 284.1 | 305.6 | 321.8 | 340.4 | 359.1 | 377.2 |
| Percentage of total grants: | | | | | | | | | | | | | | | |
| Payments for individuals ¹ | 35% | 34% | 36% | 34% | 36% | 47% | 56% | 63% | 63% | 62% | 62% | 63% | 65% | 66% | 67% |
| Physical capital ¹ | 47% | 46% | 29% | 22% | 25% | 24% | 20% | 18% | 16% | 17% | 17% | 17% | 16% | 15% | 15% |
| Other grants | 17% | 20% | 34% | 45% | 40% | 30% | 24% | 20% | 21% | 21% | 21% | 20% | 20% | 19% | 18% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Constant (FY 1996) dollars: | | | | | | | | | | | | | | | |
| Payments for individuals ¹ | 11.2 | 15.7 | 31.3 | 44.9 | 59.8 | 69.3 | 88.6 | 144.0 | 159.9 | 163.0 | 171.3 | 180.1 | 190.0 | 199.2 | 207.7 |
| Physical capital ¹ | 16.9 | 23.9 | 26.6 | 24.7 | 37.2 | 32.2 | 30.4 | 40.4 | 42.1 | 45.4 | 46.9 | 47.0 | 46.2 | 46.2 | 45.5 |
| Other grants | 8.3 | 12.8 | 36.1 | 67.0 | 72.0 | 45.4 | 38.6 | 45.3 | 51.8 | 54.4 | 57.6 | 56.1 | 55.9 | 55.1 | 54.4 |
| Total | 36.4 | 52.5 | 94.0 | 136.6 | 169.0 | 146.9 | 157.6 | 229.7 | 253.8 | 262.7 | 275.8 | 283.2 | 292.2 | 300.4 | 307.6 |
| D. Total grants as a percent of: | | | | | | | | | | | | | | | |
| Federal outlays: | | | | | | | | | | | | | | | |
| Total | 8% | 9% | 12% | 15% | 15% | 11% | 11% | 15% | 16% | 16% | 17% | 17% | 17% | 18% | 18% |
| Domestic programs ² | 18% | 18% | 23% | 22% | 22% | 18% | 17% | 22% | 22% | 22% | 22% | 23% | 23% | 23% | 23% |
| State and local expenditures | 19% | 20% | 24% | 27% | 30% | 24% | 21% | 25% | 25% | N/A | N/A | N/A | N/A | N/A | N/A |
| Gross domestic product | 1% | 2% | 2% | 3% | 3% | 3% | 2% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| E. As a share of total State and local capital spending: | | | | | | | | | | | | | | | |
| Federal capital grants | 24% | 25% | 25% | 26% | 35% | 30% | 22% | 26% | 22% | N/A | N/A | N/A | N/A | N/A | N/A |
| State and local source financing | 76% | 75% | 75% | 74% | 65% | 70% | 78% | 74% | 78% | N/A | N/A | N/A | N/A | N/A | N/A |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | N/A | N/A | N/A | N/A | N/A | N/A |

AN/A: Not available.

A* \$50 million or less.

¹ Grants that are both payments for individuals and capital investment are shown under capital investment.

² Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$108.0 billion in 1999, increasing to \$124.8 billion in 2001. Temporary Assistance for Needy Families, child nutrition programs, and housing assistance are also large grants in this category.

Grants for physical capital assist States and localities with construction and other physical capital activities.

The major capital grants are for highways, but there are also grants for airports, mass transit, sewage treatment plant construction, community development, and other facilities. Grants for physical capital were almost half of total grants in 1960, shortly after grants began for construction of the Interstate Highway System. The relative share of these outlays has declined, as payments for individuals have grown. In 2001, grants for

physical capital are estimated to be 17 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 45 percent of total grants by 1975, and are projected to be 21 percent of total grants in 2001.

Section C of Table 9-2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increase from \$157.6 billion in 1990 to an estimated \$275.8 billion in 2001, an average increase of 5.2 percent per year. During this same period, grants for payments to individuals are estimated to increase an average of 6.2 percent per year; grants for physical capital an average of 4.0 percent per year, and other grants an average of 3.7 percent per year.

The real growth in grants during the 1990s is in contrast to the 1980s. During the period between 1980 and 1990, outlays for grants in constant 1996 dollars

decreased from \$169.0 billion in 1980 to \$157.6 billion in 1990.

Section D of this table shows grants as a percentage of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percentage of total Federal outlays from 11 percent in 1990 to an estimated 17 percent in 2001. Grants as a percentage of domestic spending are estimated to be 22 percent in 2001.

As a percentage of total State and local expenditures, grants have increased from 21 percent in 1990 to 25 percent in 1999.

Section E shows the relative contribution of physical capital grants in assisting States and localities with capital spending. After a slight increase to 26 percent of State and local capital spending in 1995, Federal capital grants have declined to be 22 percent of State and local spending in 1999, the same share as in 1990.

OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

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

Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 6, "Federal Investment Spending and Capital Budgeting."

Data for summary and detailed grants to State and local governments can be found in many sections of a separate document entitled *Historical Tables*. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6 (Composition of Federal Government Outlays); Section 9 (Federal Government Outlays for Investment: Major Physical Capital, Research and Development, and Education and Training); Section 11 (Federal Government Payments for Individuals); and Section 15 (Total (Federal and State and Local) Government Finances).

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

Government Finances, published annually by the Bureau of the Census in the Department of Commerce, provides data on public finances, including Federal aid to State and local governments.

The *Survey of Current Business*, published monthly by the Bureau of Economic Analysis in the Department of Commerce, provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume in Chapter 16, "National Income and Product Accounts."

The *Budget Information for States (BIS)* report provides estimates of State-by-State funding allocations for

the largest formula grant programs for the past, present, and budget year. These programs comprise approximately 85 percent of total Federal aid to State and local governments. The document is prepared by the Office of Management and Budget soon after the Budget is released.

Federal Aid to States, a report prepared by the Bureau of the Census, shows Federal spending by State for grants for the most recently completed fiscal year.

The *Consolidated Federal Funds Report* is an annual document that shows the distribution of Federal spending by State and county areas and by local governmental jurisdictions. It is released by the Bureau of the Census in the Spring.

The *Federal Assistance Awards Data System (FAADS)* provides computerized information about current grant funding. Data on all direct assistance awards are provided quarterly by the Bureau of the Census to the States and to the Congress.

The *Catalog of Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance. The Catalog is prepared by the General Services Administration with data collected by the Office of Management and Budget and is available from the Government Printing Office. The basic edition of the *Catalog* is usually published in June and an update is generally published in December. It contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information.

The *Federal Audit Clearinghouse* maintains an online database (<http://harvester.census.gov/sac>) that provides access to summary information about audits conducted under OMB Circular A-133, "Audits to States, Local Governments, and Non-Profit Organizations." Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

DETAILED FEDERAL AID TABLE

Table 9-3, "Federal Grants to State and Local Governments-Budget Authority and Outlays," provides detailed budget authority and outlay data for grants. This table displays discretionary and mandatory grant programs separately.

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|--|------------------|---------------|---------------|-------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| NATIONAL DEFENSE | | | | | | |
| Discretionary: | | | | | | |
| Federal Emergency Management Agency: | | | | | | |
| Emergency management planning and assistance | | | | 1 | | |
| Total, discretionary | | | | 1 | | |
| Total, national defense | | | | 1 | | |
| ENERGY | | | | | | |
| Discretionary: | | | | | | |
| Department of Energy: | | | | | | |
| Energy Programs: | | | | | | |
| Energy conservation | 176 | 145 | 219 | 158 | 124 | 151 |
| Total, discretionary | 176 | 145 | 219 | 158 | 124 | 151 |
| Mandatory: | | | | | | |
| Tennessee Valley Authority: | | | | | | |
| Tennessee Valley Authority fund | 304 | 306 | 314 | 304 | 306 | 314 |
| Total, mandatory | 304 | 306 | 314 | 304 | 306 | 314 |
| Total, energy | 480 | 451 | 533 | 462 | 430 | 465 |
| NATURAL RESOURCES AND ENVIRONMENT | | | | | | |
| Discretionary: | | | | | | |
| Department of Agriculture: | | | | | | |
| Natural Resources Conservation Service: | | | | | | |
| Resource conservation and development | | | | 1 | 1 | 1 |
| Watershed and flood prevention operations | 52 | 41 | 17 | 52 | 66 | 58 |
| Forest Service: | | | | | | |
| State, private and international forestry | 84 | 102 | 123 | 90 | 98 | 117 |
| Management of national forest lands for subsistence uses | 3 | | 6 | | 3 | 6 |
| Department of Commerce: | | | | | | |
| National Oceanic and Atmospheric Administration: | | | | | | |
| Operations, research, and facilities | 103 | 120 | 135 | 91 | 91 | 101 |
| Pacific coastal salmon recovery | | 58 | 160 | | 58 | 160 |
| Department of the Interior: | | | | | | |
| Office of Surface Mining Reclamation and Enforcement: | | | | | | |
| Regulation and technology | 51 | 51 | 45 | 50 | 50 | 54 |
| Abandoned mine reclamation fund | 170 | 181 | 196 | 154 | 152 | 192 |
| Bureau of Reclamation: | | | | | | |
| Bureau of reclamation loan subsidy | 11 | 12 | 9 | 9 | 14 | 10 |
| United States Geological Survey: | | | | | | |
| Surveys, investigations and research | | | 8 | | | 8 |
| Surveys, investigations and research | | | 17 | | | 16 |
| United States Fish and Wildlife Service: | | | | | | |
| Commercial salmon fishery capacity reduction | | 5 | | | 5 | |
| Non-game wildlife state grants | | | 100 | | | 25 |
| Cooperative endangered species conservation fund | 14 | 23 | 65 | 9 | 15 | 23 |
| Wildlife conservation and appreciation fund | 1 | 1 | 1 | 1 | 1 | 1 |
| Miscellaneous permanent appropriations | 2 | 2 | 2 | 2 | 2 | 2 |
| National Park Service: | | | | | | |
| National recreation and preservation | | 2 | 20 | | 1 | 13 |
| Land acquisition and State assistance | | 20 | 145 | | 7 | 51 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Historic preservation fund | 72 | 75 | 72 | 37 | 73 | 80 |
| Departmental Management: | | | | | | |
| Priority Federal land acquisitions and exchanges | | 20 | | | 10 | 4 |
| Environmental Protection Agency: | | | | | | |
| State and Tribal Assistance Grants | 3,408 | 3,446 | 2,907 | 2,745 | 3,064 | 3,400 |
| Hazardous substance superfund | 179 | 166 | 171 | 156 | 134 | 141 |
| Leaking underground storage tank trust fund | 62 | 60 | 62 | 59 | 62 | 61 |
| Total, discretionary | 4,212 | 4,385 | 4,261 | 3,456 | 3,907 | 4,524 |
| Mandatory: | | | | | | |
| Department of the Interior: | | | | | | |
| Bureau of Land Management: | | | | | | |
| Miscellaneous permanent payment accounts | 50 | 5 | 8 | 50 | 5 | 8 |
| Minerals Management Service: | | | | | | |
| National forests fund, payment to States | 3 | 5 | 3 | 3 | 5 | 3 |
| Leases of lands acquired for flood control, navigation, and allied purposes | 1 | 1 | 1 | 1 | 1 | 1 |
| United States Fish and Wildlife Service: | | | | | | |
| Federal aid in wildlife restoration | 199 | 228 | 237 | 212 | 202 | 209 |
| Sport fish restoration | 279 | 306 | 292 | 257 | 292 | 293 |
| Departmental Management: | | | | | | |
| Everglades watershed protection | | | | 119 | 42 | |
| Everglades restoration account | 4 | 1 | 1 | | 4 | 1 |
| Department of the Treasury: | | | | | | |
| Financial Management Service: | | | | | | |
| Payment to terrestrial wildlife habitat restoration trust fund | 5 | 5 | 5 | 5 | 5 | 5 |
| Total, mandatory | 541 | 551 | 547 | 647 | 556 | 520 |
| Total, natural resources and environment | 4,753 | 4,936 | 4,808 | 4,103 | 4,463 | 5,044 |
| AGRICULTURE | | | | | | |
| Discretionary: | | | | | | |
| Department of Agriculture: | | | | | | |
| Departmental Administration: | | | | | | |
| Outreach for socially disadvantaged farmers | 3 | 3 | 10 | 4 | 3 | 10 |
| Cooperative State Research, Education, and Extension Service: | | | | | | |
| Extension activities | 437 | 424 | 428 | 407 | 452 | 421 |
| Research and education activities | 237 | 237 | 238 | 206 | 228 | 238 |
| Integrated activities | | 9 | 18 | | 1 | 4 |
| Agricultural Marketing Service: | | | | | | |
| Payments to States and possessions | 1 | 1 | 2 | 1 | 1 | 2 |
| Farm Service Agency: | | | | | | |
| State mediation grants | 2 | 3 | 4 | 2 | 3 | 5 |
| Total, discretionary | 680 | 677 | 700 | 620 | 688 | 680 |
| Mandatory: | | | | | | |
| Department of Agriculture: | | | | | | |
| Office of the Secretary: | | | | | | |
| Fund for rural America | 1 | 20 | 30 | 12 | 11 | 22 |
| Farm Service Agency: | | | | | | |
| Commodity credit corporation fund | 27 | 132 | 93 | 27 | 132 | 93 |
| Total, mandatory | 28 | 152 | 123 | 39 | 143 | 115 |
| Total, agriculture | 708 | 829 | 823 | 659 | 831 | 795 |
| COMMERCE AND HOUSING CREDIT | | | | | | |
| Mandatory: | | | | | | |
| Department of Commerce: | | | | | | |
| National Oceanic and Atmospheric Administration: | | | | | | |
| Promote and develop fishery products and research pertaining to American fisheries .. | 3 | 1 | 2 | 5 | 6 | 3 |
| Total, mandatory | 3 | 1 | 2 | 5 | 6 | 3 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Total, commerce and housing credit | 3 | 1 | 2 | 5 | 6 | 3 |
| TRANSPORTATION | | | | | | |
| Discretionary: | | | | | | |
| Department of Transportation: | | | | | | |
| Coast Guard: | | | | | | |
| Boat safety | | | | 21 | 9 | 1 |
| Federal Aviation Administration: | | | | | | |
| Grants-in-aid for airports (Airport and airway trust fund) | 2,322 | 1,896 | 1,950 | 1,565 | 1,896 | 1,899 |
| Federal Highway Administration: | | | | | | |
| State infrastructure banks | -7 | | | 29 | 15 | 12 |
| Appalachian development highway system | 132 | | | 73 | 118 | 76 |
| Highway-related safety grants | | | | 1 | 1 | |
| Federal-aid highways ¹ | 28,244 | 30,530 | 32,764 | 21,118 | 23,739 | 25,829 |
| Miscellaneous appropriations | | | | 65 | 132 | 99 |
| Miscellaneous highway trust funds | | | | 40 | 52 | 34 |
| Federal Motor Carrier Safety Administration: | | | | | | |
| National motor carrier safety program | 99 | 105 | 187 | 87 | 109 | 128 |
| National Highway Traffic Safety Administration: | | | | | | |
| Highway traffic safety grants | 190 | 197 | 204 | 180 | 200 | 207 |
| Federal Railroad Administration: | | | | | | |
| Emergency railroad rehabilitation and repair | | | | 6 | 8 | |
| Alameda Corridor direct loan financing program | | | | 18 | | |
| Local rail freight assistance | | | | 3 | 3 | |
| Alaska railroad rehabilitation | 38 | 15 | | 11 | 42 | 9 |
| Railroad research and development | 2 | 3 | | 1 | 2 | -1 |
| Conrail commuter transition assistance | | | | 5 | 6 | |
| Federal Transit Administration: | | | | | | |
| Research, training, and human resources | | | | 1 | 2 | 1 |
| Job Access and Reverse Commute Grants ¹ | 75 | 75 | 150 | | 20 | 46 |
| Interstate transfer grants-transit | | | | 11 | 6 | 3 |
| Washington metropolitan area transit authority | 50 | | | 162 | 134 | 94 |
| Formula grants ¹ | 2,799 | 3,049 | 3,345 | 2,174 | 2,356 | 2,248 |
| Capital Investment Grants ¹ | 2,307 | 2,489 | 2,646 | 251 | 579 | 1,147 |
| Transit planning and research | 74 | 89 | 91 | 65 | 64 | 64 |
| Discretionary grants (Highway trust fund, Mass transit account) | -392 | | | 1,524 | 1,315 | 933 |
| Research and Special Programs Administration: | | | | | | |
| Research and special programs | | | 3 | 1 | | 2 |
| Pipeline safety | 15 | 16 | 24 | 14 | 15 | 16 |
| Total, discretionary ¹ | 35,948 | 38,464 | 41,364 | 27,426 | 30,823 | 32,847 |
| Mandatory: | | | | | | |
| Department of Transportation: | | | | | | |
| Federal Highway Administration: | | | | | | |
| Federal-aid highways | 739 | 739 | 739 | 1,472 | 1,446 | 1,338 |
| Federal Motor Carrier Safety Administration: | | | | | | |
| Motor carrier safety | | 76 | 92 | | 68 | 91 |
| Research and Special Programs Administration: | | | | | | |
| Emergency preparedness grants | 7 | 13 | 13 | 6 | 7 | 10 |
| Total, mandatory ¹ | 746 | 828 | 844 | 1,478 | 1,521 | 1,439 |
| Total, transportation | 36,694 | 39,292 | 42,208 | 28,904 | 32,344 | 34,286 |
| COMMUNITY AND REGIONAL DEVELOPMENT | | | | | | |
| Discretionary: | | | | | | |
| Department of Agriculture: | | | | | | |
| Rural Development: | | | | | | |
| Rural community advancement program | 617 | 590 | 580 | 529 | 599 | 513 |
| Rural Utilities Service: | | | | | | |
| Distance learning and telemedicine program | 13 | 21 | 27 | 9 | 15 | 18 |
| Rural Housing Service: | | | | | | |
| Rural community fire protection grants | | | | 2 | | |
| Rural Business—Cooperative Service: | | | | | | |
| Rural cooperative development grants | 3 | 6 | 10 | 3 | 6 | 7 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Forest Service: | | | | | | |
| Southeast Alaska economic disaster assistance fund | | 22 | | 20 | 10 | 7 |
| Department of Commerce: | | | | | | |
| Economic Development Administration: | | | | | | |
| Economic development assistance programs | 387 | 386 | 419 | 355 | 408 | 412 |
| Department of Housing and Urban Development: | | | | | | |
| Public and Indian Housing Programs: | | | | | | |
| Moving to work | | 5 | | | 3 | 2 |
| Community Planning and Development: | | | | | | |
| Community development block grants | 4,893 | 4,781 | 4,900 | 4,804 | 4,856 | 4,826 |
| Urban development action grants | | | | 18 | 10 | 10 |
| Community development loan guarantees subsidy | 30 | 30 | 30 | 9 | 16 | 21 |
| National cities in schools community development program | 5 | 5 | 5 | 4 | 4 | 5 |
| Brownfields redevelopment | 25 | 25 | 50 | | 10 | 28 |
| Urban empowerment zones | 45 | 55 | 150 | 3 | 17 | 40 |
| Regional connections | | | 25 | | | 1 |
| America's private investment companies subsidy | | 20 | 37 | | 15 | 28 |
| Office of Lead Hazard Control: | | | | | | |
| Lead hazard reduction | 80 | 80 | 120 | 2 | 80 | 81 |
| Department of the Interior: | | | | | | |
| Bureau of Indian Affairs: | | | | | | |
| Operation of Indian programs | 139 | 135 | 137 | 132 | 133 | 131 |
| Indian guaranteed loan subsidy | 5 | 5 | 6 | 4 | 5 | 7 |
| Departmental Management: | | | | | | |
| King Cove road and airstrip | 35 | | | 35 | | |
| Department of the Treasury: | | | | | | |
| Departmental Offices: | | | | | | |
| United States community adjustment and investment program | 9 | 10 | 10 | 1 | 14 | 10 |
| Federal Emergency Management Agency: | | | | | | |
| Emergency management planning and assistance | 165 | 173 | 180 | 73 | 168 | 176 |
| Disaster relief | 1,797 | 1,797 | 2,564 | 3,184 | 2,339 | 1,654 |
| Disaster assistance for unmet needs | 230 | | | | 74 | 97 |
| National flood mitigation fund | 20 | 20 | 20 | 8 | 18 | 25 |
| Appalachian Regional Commission: | | | | | | |
| Appalachian regional commission | 58 | 59 | 64 | 136 | 144 | 109 |
| Commission of Fine Arts: | | | | | | |
| D.C. arts education grants | | | 1 | | | |
| Denali Commission: | | | | | | |
| Denali commission | 20 | 20 | 20 | 1 | 19 | 19 |
| Total, discretionary | 8,576 | 8,245 | 9,355 | 9,332 | 8,963 | 8,227 |
| Total, community and regional development | 8,576 | 8,245 | 9,355 | 9,332 | 8,963 | 8,227 |
| EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES | | | | | | |
| Discretionary: | | | | | | |
| Department of Commerce: | | | | | | |
| National Telecommunications and Information Administration: | | | | | | |
| Public telecommunications facilities, planning and construction | 10 | 13 | 104 | 14 | 23 | 32 |
| Technology Opportunity Grants | 7 | 6 | 21 | 7 | 13 | 9 |
| Department of Education: | | | | | | |
| Office of Elementary and Secondary Education: | | | | | | |
| Reading excellence | 251 | 56 | 277 | | 128 | 201 |
| Indian education | 65 | 75 | 113 | 56 | 79 | 78 |
| Impact aid | 859 | 901 | 765 | 1,076 | 1,021 | 783 |
| Chicago litigation settlement | | | | 2 | 3 | 3 |
| Education Reform | 1,028 | 963 | 448 | 792 | 900 | 953 |
| Education for the disadvantaged | 3,647 | 8,667 | 9,120 | 7,534 | 8,354 | 8,533 |
| School improvement programs | 2,687 | 1,357 | 3,674 | 1,255 | 2,385 | 2,668 |
| Office of Bilingual Education and Minority Languages Affairs: | | | | | | |
| Bilingual and immigrant education | 325 | 329 | 356 | 284 | 433 | 330 |
| Office of Special Education and Rehabilitative Services: | | | | | | |
| Special education | 5,080 | 2,035 | 6,082 | 4,251 | 5,121 | 5,554 |
| Rehabilitation services and disability research | 117 | 120 | 128 | 87 | 160 | 125 |
| American printing house for the blind | 9 | 10 | 10 | 8 | 13 | 10 |
| Office of Vocational and Adult Education: | | | | | | |
| Vocational and adult education | 1,506 | 851 | 1,636 | 1,336 | 1,512 | 1,600 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Office of Postsecondary Education: | | | | | | |
| Higher education | 132 | 150 | 193 | 42 | 127 | 150 |
| Office of Student Financial Assistance: | | | | | | |
| Student financial assistance | 25 | 40 | 40 | 23 | 30 | 40 |
| Office of Educational Research and Improvement: | | | | | | |
| Education research, statistics, and improvement | 230 | 55 | 56 | 74 | 216 | 87 |
| Department of Health and Human Services: | | | | | | |
| Administration for Children and Families: | | | | | | |
| Promoting safe and stable families | 4 | 3 | 3 | 4 | 3 | 3 |
| Children and families services programs | 5,730 | 5,003 | 7,323 | 5,421 | 5,906 | 6,663 |
| Administration on Aging: | | | | | | |
| Aging services programs | 882 | 933 | 1,084 | 879 | 886 | 1,020 |
| Department of the Interior: | | | | | | |
| Bureau of Indian Affairs: | | | | | | |
| Operation of Indian programs | 91 | 95 | 101 | 92 | 93 | 97 |
| Department of Labor: | | | | | | |
| Employment and Training Administration: | | | | | | |
| Training and employment services | 3,622 | 1,961 | 3,882 | 3,436 | 3,690 | 4,028 |
| Community service employment for older Americans | 97 | 97 | 97 | 97 | 97 | 97 |
| State unemployment insurance and employment service operations | 162 | 163 | 196 | 45 | 185 | 164 |
| Unemployment trust fund | 963 | 962 | 974 | 1,026 | 990 | 939 |
| Corporation for National and Community Service: | | | | | | |
| Domestic volunteer service programs, Operating expenses | 173 | 182 | 185 | 152 | 164 | 177 |
| National and community service programs, operating expenses | 90 | 112 | 112 | 55 | 64 | 56 |
| Corporation for Public Broadcasting: | | | | | | |
| Corporation for public broadcasting | 150 | 190 | 224 | 150 | 181 | 209 |
| District of Columbia: | | | | | | |
| District of Columbia General and Special Payments: | | | | | | |
| Federal payment for resident tuition support | | 17 | 17 | | 17 | 17 |
| National Endowment for the Arts: | | | | | | |
| National endowment for the arts: Grants and administration | 35 | 34 | 54 | 30 | 31 | 40 |
| Institute of Museum and Library Services: | | | | | | |
| Office of Museum Services: Grants and administration | 6 | 6 | 8 | 5 | 6 | 6 |
| Office of Library Services: Grants and administration | 151 | 151 | 157 | 129 | 157 | 157 |
| Total, discretionary | 28,134 | 25,537 | 37,440 | 28,362 | 32,988 | 34,829 |
| Mandatory: | | | | | | |
| Department of Education: | | | | | | |
| Office of Special Education and Rehabilitative Services: | | | | | | |
| Rehabilitation services and disability research | 2,304 | 2,339 | 2,400 | 2,536 | 2,279 | 2,381 |
| Office of Vocational and Adult Education: | | | | | | |
| Vocational and adult education | | | | 2 | | |
| Department of Health and Human Services: | | | | | | |
| Administration for Children and Families: | | | | | | |
| State legalization impact assistance grants | | | | -1 | | |
| Job opportunities and basic skills training program | | | | 9 | 8 | 5 |
| Promoting safe and stable families | 269 | 289 | 299 | 242 | 280 | 282 |
| Social services block grant | 1,909 | 1,775 | 1,775 | 1,993 | 1,623 | 1,998 |
| Payments to states for foster care and adoption assistance | 4,922 | 5,697 | 6,406 | 4,707 | 5,495 | 6,294 |
| Department of Labor: | | | | | | |
| Employment and Training Administration: | | | | | | |
| Welfare to work jobs | 1,488 | -187 | | 267 | 860 | 905 |
| Federal unemployment benefits and allowances | 131 | 132 | 155 | 100 | 130 | 138 |
| Total, mandatory | 11,023 | 10,045 | 11,035 | 9,855 | 10,675 | 12,003 |
| Total, education, training, employment, and social services | 39,157 | 35,582 | 48,475 | 38,217 | 43,663 | 46,832 |
| HEALTH | | | | | | |
| Discretionary: | | | | | | |
| Department of Agriculture: | | | | | | |
| Food Safety and Inspection Service: | | | | | | |
| Salaries and expenses | 45 | 45 | 46 | 44 | 45 | 46 |
| Department of Health and Human Services: | | | | | | |
| Health Resources and Services Administration: | | | | | | |
| Health Resources and Services | 1,498 | 1,595 | 1,843 | 1,448 | 1,595 | 1,837 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Centers for Disease Control and Prevention: | | | | | | |
| Disease control, research, and training | 1,773 | 1,957 | 2,041 | 1,571 | 1,745 | 1,846 |
| Substance Abuse and Mental Health Services Administration: | | | | | | |
| Substance abuse and mental health services | 2,487 | 2,652 | 2,823 | 2,214 | 2,451 | 2,648 |
| Department of Labor: | | | | | | |
| Occupational Safety and Health Administration: | | | | | | |
| Salaries and expenses | 80 | 82 | 88 | 79 | 81 | 87 |
| Mine Safety and Health Administration: | | | | | | |
| Salaries and expenses | 6 | 6 | 8 | 6 | 6 | 8 |
| Total, discretionary | 5,889 | 6,337 | 6,849 | 5,362 | 5,923 | 6,472 |
| Mandatory: | | | | | | |
| Department of Health and Human Services: | | | | | | |
| Health Care Financing Administration: | | | | | | |
| Grants to States for Medicaid | 102,394 | 115,000 | 124,838 | 108,042 | 116,117 | 124,838 |
| State children's health insurance fund | 4,247 | 4,259 | 4,461 | 565 | 1,300 | 2,117 |
| State grants and demonstrations | | | 62 | | | 16 |
| Total, mandatory | 106,641 | 119,259 | 129,361 | 108,607 | 117,417 | 126,971 |
| Total, health | 112,530 | 125,596 | 136,210 | 113,969 | 123,340 | 133,443 |
| INCOME SECURITY | | | | | | |
| Discretionary: | | | | | | |
| Department of Agriculture: | | | | | | |
| Rural Housing Service: | | | | | | |
| Farm labor subsidy | | | 36 | | | 7 |
| Food and Nutrition Service: | | | | | | |
| Food donations programs | 141 | 141 | 151 | 144 | 143 | 151 |
| Commodity assistance program | 131 | 133 | 158 | 136 | 132 | 168 |
| Special supplemental nutrition program for women, infants, and children (WIC) | 3,924 | 4,032 | 4,145 | 3,942 | 4,059 | 4,146 |
| Child nutrition programs | 5 | 13 | 18 | 5 | 13 | 18 |
| Department of Health and Human Services: | | | | | | |
| Administration for Children and Families: | | | | | | |
| Low income home energy assistance | 1,277 | 1,400 | 1,400 | 1,176 | 1,242 | 1,105 |
| Refugee and entrant assistance | 340 | 333 | 309 | 236 | 325 | 318 |
| Payments to States for the child care and development block grant | 997 | 1,178 | 1,993 | 1,029 | 1,142 | 1,713 |
| Department of Housing and Urban Development: | | | | | | |
| Public and Indian Housing Programs: | | | | | | |
| Public housing operating fund | 2,818 | 3,138 | 3,192 | 2,876 | 2,972 | 3,160 |
| Annual contributions for assisted housing | | | | 7,364 | | |
| Drug elimination grants for low-income housing | 310 | 310 | 345 | 283 | 325 | 315 |
| Revitalization of severely distressed public housing (HOPE VI) | 625 | 575 | 625 | 321 | 588 | 597 |
| Public housing capital fund | 3,000 | 2,869 | 2,955 | 3,080 | 3,159 | 3,346 |
| Native American housing block grant | 620 | 620 | 650 | 597 | 665 | 699 |
| Section 8 reserve preservation account | | | | 429 | | |
| Housing certificate fund | 5,630 | 458 | 9,044 | 4,715 | 8,450 | 8,886 |
| Community Planning and Development: | | | | | | |
| Supportive housing program | | | | 63 | | |
| Homeless assistance grants | 975 | 1,020 | 1,200 | 643 | 961 | 1,112 |
| Shelter plus care | | | | 75 | | |
| Home investment partnership program | 1,600 | 1,600 | 1,650 | 1,347 | 1,657 | 1,734 |
| Youthbuild program | | | | 2 | 2 | |
| Innovative homeless initiatives demonstration program | | | | 9 | | |
| Housing opportunities for persons with AIDS | 225 | 232 | 260 | 211 | 212 | 213 |
| Rural housing and economic development | 32 | 25 | 27 | | 11 | 22 |
| Housing Programs: | | | | | | |
| Congregate services | | | | 5 | 2 | |
| Section 8 moderate rehabilitation, single room occupancy | | | | 31 | | |
| Homeownership and opportunity for people everywhere grants (HOPE grants) | | -11 | | 18 | 18 | 18 |
| Housing for special populations | 854 | 911 | 989 | 761 | 784 | 1,014 |
| Department of Labor: | | | | | | |
| Employment and Training Administration: | | | | | | |
| Unemployment trust fund | 2,334 | 2,266 | 2,359 | 2,496 | 2,282 | 2,359 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Federal Emergency Management Agency: Emergency food and shelter program | 100 | 110 | 140 | 100 | 110 | 140 |
| Total, discretionary | 25,938 | 21,353 | 31,646 | 32,094 | 29,254 | 31,241 |
| Mandatory: | | | | | | |
| Department of Agriculture: | | | | | | |
| Agricultural Marketing Service: | | | | | | |
| Funds for strengthening markets, income, and supply (section 32) | 707 | 730 | 538 | 816 | 536 | 538 |
| Food and Nutrition Service: | | | | | | |
| Food stamp program | 3,465 | 3,797 | 3,860 | 3,362 | 3,717 | 3,850 |
| Child nutrition programs | 9,041 | 9,403 | 9,389 | 8,735 | 9,198 | 9,728 |
| Department of Health and Human Services: | | | | | | |
| Administration for Children and Families: | | | | | | |
| Payments to states for child support enforcement and family support programs | 2,649 | 1,033 | 3,124 | 2,756 | 3,053 | 3,091 |
| Child care entitlement to States | 2,167 | 2,367 | 3,161 | 2,254 | 2,420 | 2,952 |
| Temporary assistance for needy families | 17,693 | 16,689 | 16,439 | 14,161 | 14,996 | 15,828 |
| Children's research and technical assistance | | | 9 | | | 9 |
| Total, mandatory | 35,722 | 34,019 | 36,520 | 32,084 | 33,920 | 35,996 |
| Total, income security | 61,660 | 55,372 | 68,166 | 64,178 | 63,174 | 67,237 |
| VETERANS BENEFITS AND SERVICES | | | | | | |
| Discretionary: | | | | | | |
| Department of Veterans Affairs: | | | | | | |
| Veterans Health Administration: | | | | | | |
| Medical care | 273 | 325 | 347 | 273 | 325 | 347 |
| Construction: | | | | | | |
| Grants for construction of State extended care facilities | 90 | 90 | 60 | 40 | 64 | 85 |
| Grants for the construction of State veterans cemeteries | 10 | 25 | 25 | 4 | 8 | 16 |
| Total, discretionary | 373 | 440 | 432 | 317 | 397 | 448 |
| Total, veterans benefits and services | 373 | 440 | 432 | 317 | 397 | 448 |
| ADMINISTRATION OF JUSTICE | | | | | | |
| Discretionary: | | | | | | |
| Department of Health and Human Services: | | | | | | |
| Administration for Children and Families: | | | | | | |
| Violent crime reduction programs | 96 | 92 | 124 | 64 | 97 | 106 |
| Department of Housing and Urban Development: | | | | | | |
| Fair Housing and Equal Opportunity: | | | | | | |
| Fair housing activities | 40 | 44 | 50 | 31 | 36 | 31 |
| Department of Justice: | | | | | | |
| Office of Justice Programs: | | | | | | |
| Justice assistance | 72 | 214 | 238 | 28 | 188 | 185 |
| State and local law enforcement assistance | 547 | 1,520 | 1,577 | 310 | 496 | 3,236 |
| Juvenile justice programs | 231 | 242 | 251 | 127 | 147 | 308 |
| Violent crime reduction programs, State and local law enforcement assistance | 2,370 | 1,182 | | 2,266 | 1,086 | |
| Community oriented policing services | 1,430 | 595 | 1,335 | 1,161 | 831 | 1,748 |
| Court Services and Offender Supervision Agency for the District: | | | | | | |
| Federal payment to the Court Services and Offender Supervision Agency for the District of Columbia | 59 | 94 | | 57 | 77 | |
| Equal Employment Opportunity Commission: | | | | | | |
| Salaries and expenses | 29 | 29 | 29 | 28 | 28 | 28 |
| State Justice Institute: | | | | | | |
| State Justice Institute: Salaries and expenses | 7 | 7 | 7 | 8 | 14 | 8 |
| Total, discretionary | 4,881 | 4,019 | 3,611 | 4,080 | 3,000 | 5,650 |
| Mandatory: | | | | | | |
| Department of Justice: | | | | | | |
| Legal Activities and U.S. Marshals: | | | | | | |
| Assets forfeiture fund | 288 | 326 | 266 | 240 | 316 | 245 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Office of Justice Programs: | | | | | | |
| Crime victims fund | 313 | 495 | 542 | 341 | 742 | 690 |
| Department of the Treasury: | | | | | | |
| Departmental Offices: | | | | | | |
| Department of the Treasury forfeiture fund | 153 | 97 | 97 | 132 | 108 | 97 |
| Total, mandatory | 754 | 918 | 905 | 713 | 1,166 | 1,032 |
| Total, administration of justice | 5,635 | 4,937 | 4,516 | 4,793 | 4,166 | 6,682 |
| GENERAL GOVERNMENT | | | | | | |
| Discretionary: | | | | | | |
| Department of the Interior: | | | | | | |
| Bureau of Land Management: | | | | | | |
| Payments in lieu of taxes | 125 | 134 | 135 | 125 | 135 | 135 |
| Insular Affairs: | | | | | | |
| Trust Territory of the Pacific Islands | | | | 3 | 6 | 6 |
| Department of the Treasury: | | | | | | |
| Departmental Offices: | | | | | | |
| Department-wide systems and Capital Investments Programs | | 3 | | | 3 | |
| District of Columbia: | | | | | | |
| District of Columbia Courts: | | | | | | |
| Federal payment to the District of Columbia Criminal Justice System | 4 | | | 4 | | |
| Federal payment to the District of Columbia Courts | 131 | 100 | 103 | 128 | 90 | 103 |
| Defender services in District of Columbia courts | | 33 | 38 | | 30 | 37 |
| District of Columbia Corrections: | | | | | | |
| Payment to the District of Columbia Corrections Trustee, Operations | 185 | 175 | 134 | 152 | 209 | 134 |
| District of Columbia General and Special Payments: | | | | | | |
| Federal payment for Management Reform | 25 | | | 25 | | |
| Federal support for economic development and management reforms in the District ... | 297 | 32 | 49 | 244 | 81 | 49 |
| Federal payment for Medicare Coordinated Care Demonstration Project | 3 | | | | | |
| Federal Drug Control Programs: | | | | | | |
| High intensity drug trafficking areas program | 150 | 154 | 192 | 130 | 152 | 166 |
| Total, discretionary | 920 | 631 | 651 | 811 | 706 | 630 |
| Mandatory: | | | | | | |
| Department of Agriculture: | | | | | | |
| Forest Service: | | | | | | |
| Payments to states stabilization | | | 270 | | | 270 |
| Payments to States, northern spotted owl guarantee, Forest Service | 125 | 120 | | 125 | 120 | |
| Forest Service permanent appropriations | 109 | 121 | | 109 | 120 | |
| Department of Energy: | | | | | | |
| Energy Programs: | | | | | | |
| Payments to States under Federal Power Act | 3 | 3 | 3 | 3 | 3 | 3 |
| Department of the Interior: | | | | | | |
| Bureau of Land Management: | | | | | | |
| Miscellaneous permanent payment accounts | 69 | 69 | 76 | 68 | 67 | 76 |
| Minerals Management Service: | | | | | | |
| Mineral leasing and associated payments | 478 | 678 | 583 | 478 | 678 | 583 |
| United States Fish and Wildlife Service: | | | | | | |
| National wildlife refuge fund | 19 | 19 | 19 | 19 | 19 | 19 |
| Insular Affairs: | | | | | | |
| Assistance to territories | 66 | 70 | 74 | 75 | 67 | 90 |
| Payments to the United States territories, fiscal assistance | 109 | 109 | 106 | 109 | 109 | 106 |
| Department of the Treasury: | | | | | | |
| Bureau of Alcohol, Tobacco and Firearms: | | | | | | |
| Internal revenue collections for Puerto Rico | 235 | 285 | 283 | 235 | 285 | 283 |
| United States Customs Service: | | | | | | |
| Refunds, transfers, and expenses of operation, Puerto Rico | 101 | 112 | 114 | 97 | 112 | 114 |
| Corps of Engineers: | | | | | | |
| Permanent appropriations | 11 | 9 | 9 | 12 | 9 | 9 |
| Total, mandatory | 1,325 | 1,595 | 1,537 | 1,330 | 1,589 | 1,553 |
| Total, general government | 2,245 | 2,226 | 2,188 | 2,141 | 2,295 | 2,183 |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program | Budget Authority | | | Outlays | | |
|--|------------------|----------------|----------------|----------------|----------------|----------------|
| | 1999 Actual | 2000 Estimate | 2001 Estimate | 1999 Actual | 2000 Estimate | 2001 Estimate |
| Total, Grants | 272,814 | 277,907 | 317,716 | 267,081 | 284,072 | 305,645 |
| Discretionary ¹ | 115,727 | 110,233 | 136,528 | 112,019 | 116,773 | 125,699 |
| Mandatory ¹ | 157,087 | 167,674 | 181,188 | 155,062 | 167,299 | 179,946 |

¹ Budget authority for certain highway and mass transit programs is classified as mandatory in other budget presentations.

10. FEDERAL EMPLOYMENT AND COMPENSATION

This section provides information on civilian employment policy, civilian and military employment, and personnel compensation and benefits in the Executive, Legislative, and Judicial branches. A comparison of Federal employment levels, State and local government employment, and the United States population appears in the Historical Tables. Additional tables on civilian employment reductions appear in the Budget volume.

Civilian Employment Policy

The Administration policy is to provide Executive Branch agencies with flexibility to hire the right numbers of staff to meet program requirements. While it is not the norm, agency or sub-agency employment targets may be necessary when it is determined to be the most efficient or effective method of achieving Administration goals.

Federal Civilian Employment in the Executive Branch

Civilian employment in the Executive Branch is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year or 2,080 non-overtime hours. Put simply, one full-time employee counts as one FTE, and two half-time employees also count as one FTE.

The Federal Workforce Restructuring Act (FWRA) of 1994 (P.L. 103-226) was enacted March 30, 1994. The Act established FTE limitations ("ceilings") for Executive Branch civilian employees through 1999. The starting point used to calculate FTE reductions required by the FWRA, called the 1993 base, is the estimate of FTEs for 1993 made in January of that year. Between the 1993 base and FY 1999, the Act required a cut of 272,900 FTEs. The actual cut exceeded 375,000 FTEs. The limitations established by the FWRA, as well as the reductions to date, are as follows:

| Year | FWRA Ceiling | Civilian FTEs | Cumulative reduction From 1993 | Reduction as percent of 272,900 cut |
|-----------------|--------------|---------------|--------------------------------|-------------------------------------|
| 1993 Base | 2,155,200 | ..... | ..... | ..... |
| 1994 | 2,084,600 | 2,052,700 | -102,500 | 38% |
| 1995 | 2,043,300 | 1,970,200 | -185,000 | 68% |
| 1996 | 2,003,300 | 1,891,700 | -263,500 | 97% |
| 1997 | 1,963,300 | 1,834,700 | -320,500 | 117% |
| 1998 | 1,922,300 | 1,790,200 | -365,000 | 134% |
| 1999 | 1,882,300 | 1,778,400 | -376,800 | 138% |

Table 10-1 provides agency-wide totals from the 1993 base through 2001.

Allocations of FTE resources by agency are made based upon Presidential priorities and other factors. While most of the agencies in Table 10-1 show FTE

reductions between 1993 and 2001, several agencies, such as the Department of Justice, show an increase in FTEs.

Recent Trends in Civilian Employment Estimates in the Executive Branch

Each year the Budget reports actual FTEs in the prior year column, and estimates of FTEs in the current and budget years. In five of the six years since the FWRA was enacted, the current year FTE estimates for nearly all agencies in the Budget have been overstated when compared to the actual published in the following year's Budget. The table below shows this trend:

| Year | Estimate | Actual | Over-Statement |
|------------|----------|---------|-----------------|
| 1994 | 2,042.1 | 2,052.7 | -10,700 (-0.5%) |
| 1995 | 2,017.8 | 1,970.2 | +47,600 (+2.4%) |
| 1996 | 1,940.8 | 1,891.7 | +49,100 (+2.5%) |
| 1997 | 1,881.3 | 1,834.7 | +46,600 (+2.5%) |
| 1998 | 1,837.4 | 1,790.2 | +47,200 (+2.6%) |
| 1999 | 1,801.6 | 1,778.4 | +23,200 (+1.3%) |

Total Federal Employment Levels

The tables that follow show total Federal employment in all branches of Government, as well as the U.S. Postal Service, Postal Rate Commission, and active duty uniformed military personnel. Table 10-2 displays total Federal employment as measured by actual positions filled, i.e., the total number of employees, whether full-time, part-time or intermittent, at the end of the fiscal year. Table 10-3 shows total Federal employment as measured on an FTE basis.

Personnel Compensation and Benefits

Table 10-4 displays personnel compensation and benefits for all branches of Government, as well as for military personnel.

Direct compensation of the Federal work force includes base pay and premium pay, such as overtime. In addition, it includes other cash components, such as geographic pay differentials (i.e., locality pay, and special pay adjustments for law enforcement officers), recruitment and relocation bonuses, retention allowances, performance awards, and cost-of-living and overseas allowances.

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

Related compensation in the form of personnel benefits for current employees consists of the cost to Government agencies (as an employer) primarily for health

insurance, life insurance, Social Security (old age, survivors, disability, and health insurance) and contributions to the retirement funds to finance future retire-

ment benefits. Compensation for former personnel includes outlays for retirement pay benefits, and the Government's share of the cost of health and life insurance.

Table 10-1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH

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

| Agency | 1993 Base | Actual | | | | | | | Estimate | | Change: 1993 base to 2001 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------|---------------|
| | | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | FTE's | Percent |
| Cabinet agencies: | | | | | | | | | | | | |
| Agriculture ¹ | 115.6 | 114.4 | 109.8 | 103.8 | 100.7 | 98.5 | 96.4 | 95.5 | 98.2 | 100.5 | -15.1 | -13.1% |
| Commerce | 36.7 | 36.1 | 36.0 | 35.3 | 33.8 | 32.6 | 35.7 | 47.3 | 133.8 | 42.6 | 5.9 | 16.0% |
| Defense-military functions | 931.3 | 931.8 | 868.3 | 821.7 | 778.9 | 745.8 | 707.2 | 681.0 | 661.5 | 645.5 | -285.9 | -30.7% |
| Education | 5.0 | 4.9 | 4.8 | 4.8 | 4.7 | 4.5 | 4.5 | 4.5 | 4.7 | 4.7 | -0.3 | -5.7% |
| Energy | 20.6 | 20.3 | 19.8 | 19.7 | 19.1 | 17.3 | 16.3 | 15.9 | 16.2 | 16.1 | -4.5 | -21.7% |
| Health and Human Services ¹ | 65.0 | 66.1 | 62.9 | 59.3 | 57.2 | 57.6 | 57.9 | 58.9 | 61.7 | 63.2 | -1.8 | -2.8% |
| Social Security Administration | 65.4 | 64.8 | 64.5 | 64.6 | 64.0 | 65.2 | 64.0 | 63.0 | 63.3 | 63.1 | -2.3 | -3.5% |
| Housing and Urban Development | 13.6 | 13.3 | 13.1 | 12.1 | 11.4 | 11.0 | 9.8 | 10.0 | 10.4 | 10.6 | -3.0 | -22.3% |
| Interior | 79.3 | 78.1 | 76.3 | 72.0 | 66.7 | 65.7 | 66.5 | 67.0 | 68.1 | 69.5 | -9.8 | -12.4% |
| Justice | 99.4 | 95.4 | 95.3 | 97.9 | 103.8 | 111.0 | 117.3 | 121.3 | 127.9 | 131.5 | 32.1 | 32.3% |
| Labor | 18.3 | 18.0 | 17.5 | 16.8 | 16.0 | 15.9 | 16.3 | 16.3 | 17.1 | 17.4 | -0.9 | -4.8% |
| State ² | 35.0 | 34.2 | 33.5 | 31.8 | 30.2 | 29.2 | 28.9 | 29.4 | 30.0 | 30.2 | -4.8 | -13.8% |
| Transportation | 70.3 | 69.1 | 66.4 | 63.2 | 62.4 | 62.5 | 63.4 | 63.7 | 64.1 | 65.1 | -5.2 | -7.4% |
| Treasury | 166.1 | 161.1 | 157.3 | 157.5 | 151.1 | 145.5 | 142.1 | 143.7 | 145.5 | 149.6 | -16.5 | -10.0% |
| Veterans Affairs ¹ | 232.4 | 234.2 | 233.1 | 228.5 | 221.9 | 211.5 | 207.1 | 205.5 | 204.1 | 203.4 | -29.1 | -12.5% |
| Other agencies—excluding Postal Service: | | | | | | | | | | | | |
| Agency for International Development ¹ | 4.4 | 4.1 | 3.9 | 3.6 | 3.4 | 2.8 | 2.7 | 2.5 | 2.5 | 2.5 | -1.9 | -43.8% |
| Corps of Engineers | 29.2 | 28.4 | 27.9 | 27.7 | 27.1 | 26.0 | 24.8 | 24.7 | 24.7 | 24.7 | -4.5 | -15.4% |
| Environmental Protection Agency | 18.6 | 17.9 | 17.6 | 17.5 | 17.2 | 17.0 | 17.7 | 18.1 | 18.1 | 18.0 | -0.5 | -2.8% |
| EEOC | 2.9 | 2.8 | 2.8 | 2.8 | 2.7 | 2.6 | 2.5 | 2.6 | 2.8 | 3.1 | 0.2 | 7.0% |
| FEMA | 2.7 | 4.0 | 4.9 | 4.6 | 4.7 | 5.1 | 4.6 | 5.2 | 4.8 | 4.9 | 2.2 | 79.6% |
| FDIC/RTC | 21.6 | 21.9 | 20.0 | 15.7 | 11.8 | 8.7 | 7.9 | 7.4 | 7.5 | 6.8 | -14.8 | -68.5% |
| General Services Administration | 20.6 | 20.2 | 19.5 | 17.0 | 15.7 | 14.5 | 14.1 | 14.1 | 14.2 | 14.2 | -6.4 | -31.1% |
| NASA | 25.7 | 24.9 | 23.9 | 22.4 | 21.1 | 20.1 | 19.1 | 18.5 | 18.6 | 19.0 | -6.8 | -26.4% |
| National Archives and Records Admin. | 2.8 | 2.6 | 2.6 | 2.4 | 2.5 | 2.5 | 2.4 | 2.4 | 2.6 | 2.7 | -1 | -1.3% |
| National Labor Relations Board | 2.1 | 2.1 | 2.1 | 2.0 | 1.9 | 1.9 | 1.9 | 1.8 | 1.9 | 2.0 | -0.1 | -6.7% |
| National Science Foundation | 1.3 | 1.2 | 1.2 | 1.2 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | -0.1 | -10.3% |
| Nuclear Regulatory Commission | 3.4 | 3.4 | 3.3 | 3.2 | 3.1 | 3.0 | 3.0 | 2.8 | 2.8 | 2.8 | -0.6 | -17.2% |
| Office of Personnel Management | 6.2 | 5.9 | 5.3 | 4.2 | 3.4 | 2.8 | 2.8 | 2.8 | 3.0 | 3.0 | -3.2 | -51.9% |
| Panama Canal Commission | 8.7 | 8.5 | 8.5 | 8.8 | 9.0 | 9.5 | 9.6 | 9.2 | 2.4 | -0.1 | -8.7 | -99.8% |
| Peace Corps | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 | -0.1 | -7.1% |
| Railroad Retirement Board | 1.8 | 1.8 | 1.7 | 1.6 | 1.5 | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 | -0.7 | -36.8% |
| Securities and Exchange Commission | 2.7 | 2.7 | 2.7 | 2.7 | 2.8 | 2.8 | 2.8 | 2.8 | 3.0 | 3.0 | 0.3 | 10.7% |
| Small Business Administration | 4.0 | 5.6 | 6.3 | 5.7 | 4.7 | 4.5 | 4.4 | 4.7 | 4.6 | 4.6 | 0.6 | 14.9% |
| Smithsonian Institution | 5.9 | 5.5 | 5.4 | 5.3 | 5.1 | 5.0 | 5.0 | 5.1 | 5.2 | 5.3 | -0.6 | -10.2% |
| Tennessee Valley Authority | 19.1 | 17.3 | 18.6 | 16.6 | 16.0 | 14.9 | 14.4 | 13.5 | 13.3 | 13.2 | -5.9 | -31.0% |
| All other small agencies | 15.9 | 15.2 | 14.7 | 14.9 | 13.9 | 13.6 | 13.6 | 13.9 | 14.5 | 16.1 | 0.2 | 1.2% |
| Total, Executive Branch civilian employment | 2,155.2 | 2,138.8 | 2,052.7 | 1,970.2 | 1,891.7 | 1,834.7 | 1,790.2 | 1,778.4 | 1,856.9 | 1,762.4 | -392.8 | -18.2% |
| Reduction from 1993 Base ..... | ..... | -16.4 | -102.5 | -185.0 | -263.5 | -320.5 | -365.0 | -376.8 | -298.3 | -392.8 | ..... | ..... |
| Subtotal, Defense | 931.3 | 931.8 | 868.3 | 821.7 | 778.9 | 745.8 | 707.2 | 681.0 | 661.5 | 645.5 | -285.9 | -30.7% |
| Subtotal, Non-Defense | 1,223.9 | 1,207.1 | 1,184.4 | 1,148.4 | 1,112.8 | 1,088.9 | 1,083.0 | 1,097.4 | 1,195.4 | 1,116.9 | -107.0 | -8.7% |
| Status of Federal Civilian Employment Relative to the Federal Workforce Restructuring Act³ | | | | | | | | | | | | |
| Total, Executive Branch Employment .. | NA | NA | 2,052.7 | 1,970.2 | 1,891.7 | 1,834.7 | 1,790.2 | 1,778.4 | NA | NA | ..... | ..... |
| Less: FTEs exempt from FWRA | NA | NA | 5.7 | 5.7 | 7.6 | 7.4 | 5.2 | 5.2 | NA | NA | ..... | ..... |
| Total, Executive Branch subject to FWRA Ceiling | NA | NA | 2,047.0 | 1,964.4 | 1,884.1 | 1,827.3 | 1,785.0 | 1,773.2 | NA | NA | ..... | ..... |
| FWRA Ceiling | NA | NA | 2,084.6 | 2,043.3 | 2,003.3 | 1,963.3 | 1,922.3 | 1,882.3 | NA | NA | ..... | ..... |
| Executive Branch Employment Relative to FWRA Ceiling | NA | NA | -37.6 | -78.9 | -119.2 | -136.1 | -137.3 | -109.1 | NA | NA | ..... | ..... |

¹ The Departments of Agriculture, Health and Human Services, Veterans Affairs, and the Agency for International Development have components that were exempt from FTE controls. In 1999, Agriculture had 2,025 exemptions; HHS had 187 exemptions; Veterans Affairs had 3,010 exemptions and AID had 10 exemptions.

² To facilitate historical comparison, the State Department includes the Board of Broadcasting Governors (BBG), the United States Information Agency (which was absorbed into State and BBG), and the Arms Control and Disarmament Agency (which was absorbed into State).

³ FTE limitations are set for the Executive Branch in the Federal Workforce Restructuring Act of 1994 (P.L. 103-226) from 1994-99.

Table 10-2. TOTAL FEDERAL EMPLOYMENT

(As measured by total positions filled)

| Description | Actual as of September 30 | | | Change: 1997 to 1999 | |
|---|---------------------------|------------------|------------------|----------------------|--------------|
| | 1997 | 1998 | 1999 | Positions | Percent |
| Executive branch civilian employment: | | | | | |
| All agencies except Postal Service and Postal Rate Commission: | | | | | |
| Full-time permanent | 1,651,559 | 1,624,152 | 1,603,303 | -48,256 | -2.9% |
| Other than full-time permanent ¹ | 220,232 | 231,644 | 216,333 | -3,899 | -1.8% |
| Subtotal | 1,871,791 | 1,855,796 | 1,819,636 | -52,155 | -2.8% |
| Postal Service: ² | | | | | |
| Full-time permanent | 648,684 | 660,987 | 670,272 | 21,588 | 3.3% |
| Other than full-time permanent | 204,666 | 210,533 | 196,121 | -8,545 | -4.2% |
| Subtotal | 853,350 | 871,520 | 866,393 | 13,043 | 1.5% |
| Subtotal, Executive branch civilian employment | 2,725,141 | 2,727,316 | 2,686,029 | -39,112 | -1.4% |
| Military personnel on active duty: ³ | | | | | |
| Department of Defense | 1,438,562 | 1,406,830 | 1,385,703 | -52,859 | -3.7% |
| Department of Transportation (Coast Guard) | 35,137 | 35,459 | 35,740 | 603 | 1.7% |
| Subtotal, military personnel | 1,473,699 | 1,442,289 | 1,421,443 | -52,256 | -3.5% |
| Subtotal, Executive Branch | 4,198,840 | 4,169,605 | 4,107,472 | -91,368 | -2.2% |
| Legislative branch: | | | | | |
| Full-time permanent | 12,696 | 12,399 | 12,183 | -513 | -4.0% |
| Other than full-time permanent | 18,659 | 18,075 | 18,170 | -489 | -2.6% |
| Subtotal, Legislative Branch | 31,355 | 30,474 | 30,353 | -1,002 | -3.2% |
| Judicial Branch: | | | | | |
| Full-time permanent | 27,567 | 28,487 | 28,875 | 1,308 | 4.7% |
| Other than full-time permanent | 3,074 | 3,255 | 3,321 | 247 | 8.0% |
| Subtotal, Judicial Branch | 30,641 | 31,742 | 32,196 | 1,555 | 5.1% |
| Grand total | 4,260,836 | 4,231,821 | 4,170,021 | -90,815 | -2.1% |
| ADDENDUM | | | | | |
| Executive branch civilian personnel (excluding Postal Service): | | | | | |
| DOD-Military functions ⁴ | 723,032 | 692,552 | 665,679 | -57,353 | -7.9% |
| All other executive branch | 1,148,759 | 1,163,244 | 1,153,957 | 5,198 | 0.5% |
| Total ⁵ | 1,871,791 | 1,855,796 | 1,819,636 | -52,155 | -2.8% |

¹ Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program, formerly exempt from employment controls.² Includes Postal Rate Commission.³ Excludes reserve components.⁴ Excludes Defense Intelligence Agency.⁵ Includes disadvantaged youth programs.

Table 10-3. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

| Description | 1999 actual | Estimate | | Change: 1999 to 2001 | |
|---|------------------|------------------|------------------|----------------------|--------------|
| | | 2000 | 2001 | FTE's | Percent |
| Executive branch civilian personnel: | | | | | |
| All agencies except Postal Service and Defense | 1,097,363 | 1,195,437 | 1,116,888 | 19,525 | 1.8% |
| Defense-Military functions (civilians) | 680,996 | 661,489 | 645,494 | -35,502 | -5.2% |
| Subtotal, excluding Postal Service | 1,778,359 | 1,856,926 | 1,762,382 | -15,977 | -0.9% |
| Postal Service ¹ | 851,461 | 848,187 | 843,425 | -8,036 | -0.9% |
| Subtotal, Executive Branch civilian personnel | 2,629,820 | 2,705,113 | 2,605,807 | -24,013 | -0.9% |
| Executive branch uniformed personnel:² | | | | | |
| Department of Defense | 1,387,270 | 1,379,070 | 1,379,500 | -7,770 | -0.6% |
| Department of Transportation (Coast Guard) | 35,286 | 35,948 | 36,247 | 961 | 2.7% |
| Subtotal, uniformed military personnel | 1,422,556 | 1,415,018 | 1,415,747 | -6,809 | -0.5% |
| Subtotal, Executive Branch | 4,052,376 | 4,120,131 | 4,021,554 | -30,822 | -0.8% |
| Legislative Branch: ³ Total FTE ³ | 29,932 | 30,460 | 30,610 | 678 | 2.3% |
| Judicial branch: Total FTE | 31,173 | 32,334 | 34,063 | 2,890 | 9.3% |
| Grand total | 4,113,481 | 4,182,925 | 4,086,227 | -27,254 | -0.7% |

¹ Includes Postal Rate Commission.

² Military personnel on active duty. Excludes reserve components. Data shown for Department of Defense are average strengths, not FTEs.

³ Actual 1999 FTE data not available for legislative branch.

TABLE 10-4. PERSONNEL COMPENSATION AND BENEFITS
(In millions of dollars)

| Description | 1999 actual | Estimate | | Change: 1999 to 2001 | |
|--|----------------|----------------|----------------|----------------------|-------------|
| | | 2000 | 2001 | Dollars | Percent |
| Civilian personnel costs: | | | | | |
| Executive Branch (excluding Postal Service): | | | | | |
| Direct compensation: | | | | | |
| DOD—military functions | 32,000 | 32,303 | 32,753 | 753 | 2.4% |
| All other executive branch | 58,138 | 63,500 | 64,589 | 6,451 | 11.1% |
| Subtotal, direct compensation | 90,138 | 95,803 | 97,342 | 7,204 | 8.0% |
| Personnel benefits: | | | | | |
| DOD—military functions | 7,233 | 7,105 | 7,212 | -21 | -0.3% |
| All other executive branch ¹ | 23,116 | 24,422 | 25,421 | 2,305 | 10.0% |
| Subtotal, personnel benefits | 30,349 | 31,527 | 32,633 | 2,284 | 7.5% |
| Subtotal, executive branch | 120,487 | 127,330 | 129,975 | 9,488 | 7.9% |
| Postal Service: | | | | | |
| Direct compensation | 35,886 | 36,671 | 37,772 | 1,886 | 5.3% |
| Personnel benefits | 10,177 | 10,761 | 12,011 | 1,834 | 18.0% |
| Subtotal | 46,063 | 47,432 | 49,783 | 3,720 | 8.1% |
| Legislative Branch: ² | | | | | |
| Direct compensation | 1,326 | 1,414 | 1,489 | 163 | 12.3% |
| Personnel benefits | 301 | 319 | 346 | 45 | 15.0% |
| Subtotal | 1,627 | 1,733 | 1,835 | 208 | 12.8% |
| Judicial Branch: | | | | | |
| Direct compensation | 1,800 | 2,016 | 2,215 | 415 | 23.1% |
| Personnel benefits | 452 | 514 | 565 | 113 | 25.0% |
| Subtotal | 2,252 | 2,530 | 2,780 | 528 | 23.4% |
| Total, civilian personnel costs | 170,429 | 179,025 | 184,373 | 13,944 | 8.2% |
| Military personnel costs: | | | | | |
| DOD—Military Functions: | | | | | |
| Direct compensation | 49,247 | 51,256 | 53,063 | 3,816 | 7.7% |
| Personnel benefits | 18,051 | 18,989 | 19,151 | 1,100 | 6.1% |
| Subtotal | 67,298 | 70,245 | 72,214 | 4,916 | 7.3% |
| All other executive branch, uniformed personnel: | | | | | |
| Direct compensation | 1,203 | 1,314 | 1,392 | 189 | 15.7% |
| Personnel benefits | 131 | 143 | 149 | 18 | 13.7% |
| Subtotal | 1,334 | 1,457 | 1,541 | 207 | 15.5% |
| Total, military personnel costs ³ | 68,632 | 71,702 | 73,755 | 5,123 | 7.5% |
| Grand total, personnel costs | 239,061 | 250,727 | 258,128 | 19,067 | 8.0% |
| ADDENDUM | | | | | |
| Former Civilian Personnel: | | | | | |
| Retired pay for former personnel | 44,767 | 46,488 | 48,636 | 3,869 | 8.6% |
| Government payment for Annuitants: | | | | | |
| Employee health benefits | 4,610 | 4,995 | 5,354 | 744 | 16.1% |
| Employee life insurance | 31 | 33 | 35 | 4 | 12.9% |
| Total Former Civilian Personnel | 49,408 | 51,516 | 54,025 | 4,617 | 9.3% |
| Former Military personnel: | | | | | |
| Retired pay for former personnel | 607 | 653 | 693 | 86 | 14.2% |

¹ Includes transfers from general revenues in addition to employing agency's contributions for the cost of employee benefits. The transfers amounted to \$8,759 million in 1999 and are estimated to be \$8,838 in 2000 million and \$8,939 million in 2001.

² Excludes members and officers of the Senate.

³ Excludes reserve components.

11. STRENGTHENING FEDERAL STATISTICS

Our economy's complexity, growth, and rapid structural changes demand that public and private leaders have unbiased, relevant information on which to base their decisions. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, have a major impact on government spending, budget projections, and the allocation of Federal funds. They also are critical inputs to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or mortgages a home.

Similarly, timely, comparable data on the characteristics of the U.S. population are essential to monitor societal changes. Of great import in 2001 will be the delivery of Census 2000 data used to apportion congressional seats among the States, redistrict at State and local levels, and allocate locally each year nearly \$200 billion in Federal funds. In 1999 and 2000, our Nation invested the resources necessary to plan and implement the most extensive effort ever to count every American. Greater understanding of the value and importance of accurate and complete Census 2000 data has been realized through local partnerships established nationwide and through an ambitious advertising and promotion program.

The American Community Survey (ACS) is a revolutionary initiative of the statistical system that will provide community profiles similar to those from the decennial census on a far more current basis. For geographic areas with populations greater than 65,000, these profiles will be produced every year. For smaller areas, the ACS will accumulate or average data over several years to obtain annual estimates similar in quality and reliability to those currently available only once each decade. Thus, every jurisdiction ultimately will have annual information that illuminates change over time. (The official counts of the population will continue to come from the decennial census and the intercensal estimates program.) Because the American Community Survey will provide essentially the same information as the current decennial census long form, the Census Bureau plans to eliminate the long form in the 2010 Census, thereby focusing that effort on counting the population. In 2001, continued development of the Master Address File will be a key component of this longer-term strategy.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors to improve the overall performance and efficiency of the Federal statistical system. For example, the ICSP is supporting FedStats

(www.fedstats.gov), the "one-stop shopping" Internet site for Federal statistics that permits easy access via an initial point of entry to the wide array of statistical information available to the public from 70 Federal agencies. In 1999, FedStats increased from 28 to 40 the number of agencies whose data series are indexed there, developed a Kid's Page to foster improvements in statistical literacy by linking to agency Web pages especially designed for children in elementary through high school, and launched an interactive map-based application to access State and county data.

The statistical system is also working effectively to enhance the quality of the data agencies produce. For example, last year the Administration actively supported House passage of the Statistical Efficiency Act of 1999 (H.R. 2885) that will permit limited sharing of confidential data among selected agencies solely for statistical purposes. Enactment of this legislation will create the framework for statistical agencies to compare and improve the quality of their data. Senate passage of this legislation, and congressional action on a companion Treasury Department proposal that would make complementary changes to provisions set forth in the "Statistical Use" section of the Internal Revenue Code, continue to be top priorities of the Administration.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that do not enable statistical agencies to keep pace with them, can threaten the relevance and accuracy of our Nation's key statistics. Any growing inability of our statistical system to mirror accurately our economy and society, including the unprecedented growth of electronic commerce, could undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure would be substantially mitigated by five proposals set forth in the Administration's budget. In particular, these initiatives would:

- develop an integrated statistical base for analysis of the effects of E-business across our Nation's products and industries, including changes in the structure of investment, pricing, and distribution practices (Bureau of Economic Analysis and the Bureau of the Census);
- support the tabulation, analysis, and dissemination of Census 2000 data and related evaluations of their accuracy and coverage in order to reap the benefits of Census 2000 investments (Bureau of the Census);
- improve coverage of the construction and service sectors in the Producer Price Index (which may also produce methodological techniques that further improve the Consumer Price Index) and en-

hance coverage of the service sector in BLS productivity estimates (Bureau of Labor Statistics);

- continue the phased implementation of the American Community Survey program to produce far more timely data for States and local areas that will be used for various purposes, including the distribution of nearly \$200 billion in Federal funds annually (Bureau of the Census); and
- provide new statutory authority for the limited sharing of data among designated Federal agencies solely for statistical purposes. The proposed changes would permit these statistical agencies to manage information in many important respects as if they were part of a single agency, thereby increasing the accuracy of statistical estimates and the efficiency of Federal data collection.

HIGHLIGHTS OF 2001 PROGRAM CHANGES FOR PRINCIPAL STATISTICAL AGENCIES

Bureau of Economic Analysis: Funding is requested to develop new data sources and methods to measure rapidly growing E-business activity and to incorporate that information into BEA's economic accounts. In order to account for the impact of E-business on the economy, BEA will work with other statistical agencies to: (1) ensure that E-business, including related investment, is captured in our estimates of Gross Domestic Product and other economic accounts data, and (2) develop estimates of the impact of E-business across products and industries, including investment, prices, and distribution.

Bureau of Justice Statistics: Funding is requested to: (1) develop an ongoing statistical program that provides systematic and recurring information on criminal victimization of persons with disabilities; (2) develop and monitor statistical measures designed to examine concerns about racial discrimination in the administration of justice; (3) gather administrative data from law enforcement agencies on the content and consequences of police-initiated stops of motorists for routine traffic violations; (4) begin converting existing paper-based collections of administrative data from State and local units of government to Internet-based, paperless collection programs; (5) gather information on changes over time in the incidence and prevalence, costs and consequences, and prosecutions, convictions, and sentencing of computer crime offenses; (6) produce consistent annual measures of the incidence of hate crimes; and (7) develop a tribal data collection program to collect data on the types and characteristics of criminal justice agencies operating in these jurisdictions.

Bureau of Labor Statistics: Funding is requested to: (1) extend Producer Price Index (PPI) coverage for the first time to the construction sector of the U.S. economy, and enhance coverage of the service sector in the PPI and in BLS productivity data; (2) begin a new survey to measure how Americans spend their time in order to improve assessments of national well-being and production, and produce diary estimates of time

Taken together, statistics produced by the Federal Government on demographic, economic, and social conditions and trends are essential to inform decisions that are made by virtually every organization and household in our Nation. The U.S. Federal statistical system comprises some 70 agencies that collect, analyze, and disseminate information for use by governments, businesses, researchers, and the public. Approximately one third of the funding for the statistical system provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 11-1.) The remaining funding is spread among some sixty agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal Federal statistical agencies.

spent in market work to evaluate existing estimates of hours of work; (3) provide technical guidance for a new Federal-State cooperative employment projections program to enhance the comparability of data among the States, and between State and national projections; (4) increase the scope of labor market information for States and local areas, and improve the statistical quality of local area unemployment statistics used to allocate Federal funds; (5) deploy and operate a comprehensive and sound information technology security environment (through a central Department of Labor appropriation); and (6) contract with the National Research Council (NRC) to develop improved methods to measure discrimination in labor markets and employment relationships.

Bureau of the Census: Funding is requested for Census 2000, for Census Bureau economic and demographic programs, and for renovation of the Bureau's headquarters at the Suitland Federal Center. For Census 2000, funding is requested to: (1) tabulate and disseminate data; (2) complete field work associated with the Accuracy and Coverage Evaluation (ACE) follow-up operations; (3) close out data capture centers and field offices that remained open longer as a result of increased work loads; (4) deliver to the President, by December 31, 2000, the data that will be used to apportion congressional seats among the States; (5) deliver local population counts to the States for redistricting by March 31, 2001; (6) compare data from the American Community Survey (ACS) with Census 2000 results; and (7) begin to evaluate census operations. For Census Bureau economic and demographic programs, funding is requested to: (1) measure E-business; (2) conduct an annual Survey of Minority-Owned Business Enterprises (SMOBE); (3) increase the coverage of export data; (4) continue planning for the 2002 Economic Censuses and Census of Governments; (5) improve measurement of economic well-being; and (6) redesign samples for household surveys. Funding is also requested to under-

take planning to renovate the aging, inadequate, and failing building systems at the Suitland Federal Center.

Bureau of Transportation Statistics: Funding is requested to: (1) establish a statistical consulting service to assist department-wide statistical activities and provide support for improving data quality and timeliness for departmental GPRA-related data; (2) develop measures of risk versus measures of exposure to improve the quality of transportation safety data; (3) continue work with the Federal Highway Administration to combine and coordinate the Nationwide Personal Transportation Survey with the American Travel Survey; (4) manage development of the congressionally mandated Intermodal Transportation Data Base, an Internet-based data access and dissemination tool that enables quick response to data-related questions; (5) improve data analyses on patterns of passenger travel and goods movements; (6) initiate development of a comprehensive National Spatial Data Infrastructure by integrating road network data developed at State and local levels; (7) improve statistical tools for geo-spatial data analyses and promote their use in transportation applications; and (8) undertake analyses as directed by Congress in the Transportation Equity Act for the 21st Century (TEA-21), including the International Trade Impact Study and other studies related to international transportation.

Economic Research Service: Funding is requested to: (1) analyze the effects of changes in the structure of the food and agriculture sectors on the competitiveness and efficiency of food and agricultural markets; (2) undertake research and outreach programs on international issues affecting the U.S. food and agriculture sectors and on alleviation of causes of global food insecurity; and (3) support an initiative on economic incentives for carbon sequestration and trace gas emissions control in agriculture. The decrease in ERS total funding reflects the proposal to return funds (\$12 million) for the evaluation of domestic food assistance programs to the Food and Nutrition Service.

Energy Information Administration: Funding is requested to: (1) overhaul the natural gas and electricity surveys and data systems to recognize and accommodate the changes in the natural gas and electricity industries brought on by deregulation and restructuring; (2) update EIA's 20-year-old energy consumption surveys; (3) enhance EIA's international analysis capabilities in order to assess carbon mitigation, permit trading, and other global climate change issues; (4) reverse the deterioration in data quality and accuracy in crude oil, diesel, gasoline, and natural gas production surveys;

and (5) continue development and integration of energy survey data collection and processing to reduce the costs and improve the timeliness of energy data.

National Agricultural Statistics Service: Funding is requested to: (1) establish a computer security architecture to strengthen NASS's cybersecurity in light of the market sensitivity of the reports released; (2) conduct a monthly hog survey to provide information covering the 17 largest hog-producing States, which account for 92 percent of the U.S. inventory; and (3) collect additional pesticide use information for an expanded list of field crops to address gaps in data needed for accurate chemical risk assessments under the Food Quality Protection Act. The net decrease in the Census of Agriculture program reflects the completion of the Agricultural Economics and Land Ownership Survey that is conducted once each decade.

National Center for Education Statistics: Funding is requested to: (1) continue redesign of the Integrated Postsecondary Education Data System (IPEDS) for a new web-based system; (2) improve dissemination of consumer information on college costs and prices; (3) support the Longitudinal Surveys Program, including the new Educational Longitudinal Study of 2002; (4) continue work on the Birth Cohort of the Early Childhood Longitudinal Study; (5) support Institutional Census Surveys for the Common Core of Data and Libraries programs; (6) improve the Statistics Research and Development Program; and (7) enhance the National Assessment of Educational Progress' research capabilities in Longitudinal Research and Exceptional Children Exclusion Research.

National Center for Health Statistics: Funding is requested to: (1) continue work with States to improve the vital statistics system, including movement toward implementing new model birth and death certificates, and helping to develop electronic birth and death registration systems; (2) proceed with the sample redesign for the National Health Interview Survey, part of a government-wide redesign of household surveys following the decennial census; (3) continue the field operations for the National Health and Nutrition Examination Survey; (4) make further improvements to surveys for monitoring the health care delivery system, including organizational and financial arrangements of providers, as part of a public/private effort to address major data gaps in this area; and (5) make data more readily available to users by improving timeliness and access through use of automated systems and the Internet.

Table 11-1. 1999-2001 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES

(In millions of dollars)

| | 1999 actual | 2000 estimate | 2001 estimate |
|---|-------------|---------------|--------------------|
| Bureau of Economic Analysis | 43.1 | 43.8 | 48.9 |
| Bureau of Justice Statistics | 25.0 | 25.5 | 33.2 |
| Bureau of Labor Statistics | 398.9 | 413.4 | 453.6 ¹ |
| Bureau of the Census | 1,384.8 | 4,753.3 | 719.2 |
| Periodic Censuses and Programs | 1,238.7 | 4,613.3 | 545.4 |
| Salaries and Expenses | 146.1 | 140.0 | 173.8 |
| Bureau of Transportation Statistics | 31.0 | 31.0 | 31.0 |
| Economic Research Service | 65.0 | 65.4 | 55.4 ² |
| Energy Information Administration | 70.2 | 72.4 | 75.0 |
| National Agricultural Statistics Service ³ | 104.0 | 99.4 | 100.6 |
| National Center for Education Statistics | 108.0 | 108.0 | 126.5 |
| Statistics | 68.0 | 68.0 | 84.0 |
| Assessment | 36.0 | 36.0 | 38.0 |
| National Assessment Governing Board | 4.0 | 4.0 | 4.5 |
| National Center for Health Statistics | 94.5 | 105.0 | 110.0 |
| PHS Evaluation Funds | 67.8 | 71.7 | 76.7 |
| Budget Authority | 26.7 | 33.3 | 33.3 |

¹ Increase includes a new transfer of \$20.7 million from elsewhere in the Department of Labor to centralize the preparation of labor market information.

² Decrease reflects the proposal to return the 2000 transfer of \$12 million for the evaluation of domestic food assistance programs to the Food and Nutrition Service.

³ Includes funds for the periodic Census of Agriculture and Special Studies of \$23.6, \$16.5, and \$15.0 (million) in 1999, 2000, and 2001, respectively.

FEDERAL BORROWING AND DEBT

12. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 1999, the Government owed \$3,633 billion of principal to the people who had loaned it the money to pay for past deficits. The gross Federal debt, which also includes the securities held by trust funds and other Government accounts, was \$5,606 billion. This year, the Government is estimated to pay around \$228 billion of interest to the public on its debt.

After 28 consecutive years of deficits financed mainly by borrowing from the public, the Government had a \$69 billion unified budget surplus in 1998 and repaid \$51 billion of publicly held debt. In 1999, the Government did even better, achieving a \$124 billion surplus

and repaying \$89 billion of publicly held debt. This was a large improvement in its fiscal position from the record \$290 billion deficit in 1992. The steady decline in deficits since that year and the eventual surplus were due in large part to the strong economic expansion and the budget discipline of the Omnibus Budget Reconciliation Act of 1993 and the Balanced Budget Act of 1987. The surpluses projected in this budget would substantially reduce Federal debt held by the public over the next few years both, in dollar amount and relative to the size of the Nation's gross domestic product (GDP). It is projected that the publicly held debt will be fully repaid in 2013.

Table 12-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC
(Dollar amounts in billions)

| Fiscal year | Debt held by the public | | Debt held by the public as a percent of: | | Interest on debt held by the public as a percent of: ³ | |
|---------------------|-------------------------|------------------------------|--|---------------------------------|---|-----|
| | Current dollars | FY 1996 dollars ¹ | GDP | Credit market debt ² | Total outlays | GDP |
| 1950 | 219.0 | 1,260.9 | 80.1 | 55.3 | 11.4 | 1.8 |
| 1955 | 226.6 | 1,143.9 | 57.3 | 43.3 | 7.6 | 1.3 |
| 1960 | 236.8 | 1,062.5 | 45.6 | 33.8 | 8.5 | 1.5 |
| 1965 | 260.8 | 1,093.4 | 37.9 | 26.9 | 8.1 | 1.4 |
| 1970 | 283.2 | 987.1 | 27.9 | 20.8 | 7.9 | 1.5 |
| 1975 | 394.7 | 1,012.6 | 25.3 | 18.4 | 7.5 | 1.6 |
| 1980 | 711.9 | 1,264.1 | 26.1 | 18.5 | 10.6 | 2.3 |
| 1981 | 789.4 | 1,278.8 | 25.8 | 18.6 | 12.0 | 2.7 |
| 1982 | 924.6 | 1,401.6 | 28.6 | 19.8 | 13.6 | 3.1 |
| 1983 | 1,137.3 | 1,650.2 | 33.0 | 21.9 | 13.8 | 3.3 |
| 1984 | 1,307.0 | 1,828.3 | 34.0 | 22.1 | 15.7 | 3.5 |
| 1985 | 1,507.4 | 2,041.9 | 36.4 | 22.3 | 16.2 | 3.7 |
| 1986 | 1,740.8 | 2,303.2 | 39.6 | 22.6 | 16.1 | 3.6 |
| 1987 | 1,889.9 | 2,435.8 | 40.6 | 22.3 | 16.0 | 3.5 |
| 1988 | 2,051.8 | 2,562.2 | 40.9 | 22.2 | 16.2 | 3.5 |
| 1989 | 2,191.0 | 2,634.0 | 40.5 | 22.0 | 16.5 | 3.5 |
| 1990 | 2,411.8 | 2,793.4 | 42.0 | 22.6 | 16.2 | 3.6 |
| 1991 | 2,689.3 | 3,003.8 | 45.4 | 24.1 | 16.2 | 3.7 |
| 1992 | 3,000.1 | 3,275.2 | 48.2 | 25.7 | 15.5 | 3.5 |
| 1993 | 3,248.8 | 3,458.7 | 49.5 | 26.6 | 14.9 | 3.2 |
| 1994 | 3,433.4 | 3,573.9 | 49.4 | 26.7 | 14.4 | 3.1 |
| 1995 | 3,604.8 | 3,674.2 | 49.2 | 26.7 | 15.8 | 3.3 |
| 1996 | 3,734.5 | 3,734.5 | 48.5 | 26.2 | 15.8 | 3.3 |
| 1997 | 3,772.8 | 3,709.8 | 46.1 | 25.2 | 15.7 | 3.1 |
| 1998 | 3,721.6 | 3,612.5 | 43.1 | 23.3 | 15.1 | 3.0 |
| 1999 estimate | 3,632.9 | 3,481.5 | 39.9 | 21.7 | 13.8 | 2.6 |
| 2000 estimate | 3,475.9 | 3,282.5 | 36.3 | ..... | 12.7 | 2.5 |
| 2001 estimate | 3,305.0 | 3,059.6 | 32.9 | ..... | 11.9 | 2.2 |
| 2002 estimate | 3,133.7 | 2,843.6 | 29.8 | ..... | 11.0 | 2.0 |
| 2003 estimate | 2,963.2 | 2,635.8 | 27.0 | ..... | 10.1 | 1.8 |
| 2004 estimate | 2,780.7 | 2,424.9 | 24.2 | ..... | 9.2 | 1.6 |
| 2005 estimate | 2,577.5 | 2,203.6 | 21.3 | ..... | 8.2 | 1.4 |

¹ Debt in current dollars deflated by the GDP chain-type price index with fiscal year 1996 equal to 100.
² Total credit market debt owed by domestic nonfinancial sectors, modified to be consistent with budget concepts for the measurement of Federal debt. Financial sectors are omitted to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.
³ Interest on debt held by the public is estimated as the interest on the public debt less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). It does not include the comparatively small amount of interest on agency debt or the offsets for interest on public debt received by other Government accounts (revolving funds and special funds).

Trends in Federal Debt

Federal debt held by the public has increased five-fold since 1980, as shown in Table 12–1. In 1980, it was \$711.9 billion; by the end of 1999, it stood at \$3,632.9 billion. The data in this table are supplemented for earlier years by Tables 7.1–7.3 in *Historical Tables*, which is published as a separate volume of the budget.

After the end of World War II, Federal debt peaked at 109 percent of GDP in 1946. From then until the 1970s, Federal debt grew gradually, but, due to inflation, it declined in real terms. Because of an expanding economy as well as inflation, Federal debt as a percentage of GDP decreased almost every year. With households borrowing heavily to buy homes and consumer durables, and with businesses borrowing heavily to buy plant and equipment, Federal debt also decreased almost every year as a percentage of the total credit market debt outstanding. The cumulative effect was impressive. From 1950 to 1975, debt held by the public declined from 80.1 percent of GDP to 25.3 percent, and from 55.3 percent of credit market debt to 18.4 percent. Despite rising interest rates, interest outlays became a smaller share of the budget and were roughly stable as a percentage of GDP.

During the 1970s, large budget deficits emerged as the economy was disrupted by oil shocks and inflation. The nominal amount of Federal debt more than doubled, and, despite high inflation, the real value of Federal debt increased by a fourth. Federal debt relative to GDP and credit market debt stopped declining after the middle of the decade, but they did not increase to any significant degree.

The growth of Federal debt held by the public accelerated during the early 1980s due to very large budget deficits. Because the deficits continued to be large until a few years ago, debt continued to grow substantially. With inflation reduced, the rapid growth in nominal debt meant a rapid growth in real debt as well. The ratio of Federal debt to GDP rose from 26.1 percent in 1980 to 49.5 percent in 1993, the highest ratio since the mid-1950s. The ratio of Federal debt to credit market debt also rose, though to a much lesser extent, from 18.5 percent to 26.6 percent. Interest outlays on debt held by the public, calculated as a percentage of either total Federal outlays or GDP, increased by about two-fifths.

The growth of Federal debt held by the public was decelerating by the mid-1990s, however, and in 1998 the amount of debt outstanding fell for the first time since the last budget surplus in 1969. Since 1993 the debt has declined markedly relative to either GDP or total credit market debt. Table 12–1 shows that debt as a percentage of GDP is estimated to decline significantly more in the next few years, falling from 39.9 percent in 1999 to 21.3 percent in 2005. The improvement in the last few years reflects the deficit reduction package enacted by the Omnibus Budget Reconciliation Act of 1993, subsequent steps to maintain fiscal discipline, and the long economic expansion that was fa-

cilitated by this fiscal policy. The further estimated improvement reflects the expectation that economic growth will continue without accelerating inflation for the foreseeable future.¹ Interest outlays on the debt held by the public are estimated to decline substantially in relationship to either total outlays or GDP over the next six years. Under the projections shown in the next table, the publicly held debt will be fully repaid in 2013.

Debt Held by the Public, Gross Federal Debt, and Liabilities Other Than Debt

The Federal Government issues debt securities for two principal purposes. First, it borrows from the public to finance the Federal deficit.² Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, trust fund surpluses generally must be invested in Federal securities. The gross Federal debt is defined to consist of both the debt held by the public and the debt held by Government accounts. Nearly all the Federal debt has been issued by the Treasury and is formally called “public debt,” but a small portion has been issued by other Government agencies and is called “agency debt.”³

Borrowing from the public, whether by the Treasury or by some other Federal agency, has a significant impact on the economy. Borrowing from the public is normally a good approximation of the Federal demand on credit markets. Even if the proceeds are used productively for tangible or intangible investment, the Federal demand on credit markets has to be financed out of the saving of households and businesses, the State and local sector, or the rest of the world. Federal borrowing thereby competes with the borrowing of other sectors for financial resources in the credit market, and tends to increase interest rates and reduce private capital accumulation. Borrowing from the public thus affects the size and composition of assets held by the private sector and the perceived wealth of the public. It also increases the amount of taxes required to pay interest to the public on Federal debt. Borrowing from the public is therefore an important concern of Federal fiscal policy.⁴

¹ Chapter 1 of this volume, “Economic Assumptions,” reviews recent economic developments and explains the economic assumptions for this budget.

² Debt held by the public was measured until 1988 as the par value (or face value) of the security, which is the principal amount due at maturity. (The only exception was savings bonds.) However, most Treasury securities are sold at a discount from par, and some are sold at a premium. Treasury debt held by the public is now measured as the sales price plus the amortized discount (or less the amortized premium). At the time of sale, the value equals the sales price. Subsequently, the value equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the measured value of the debt equals par less the unamortized discount. (For a security sold at a premium, the definition is symmetrical.) Agency debt, except for zero-coupon certificates, is recorded at par. For further analysis of these concepts, see Special Analysis E, “Borrowing and Debt,” in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*, pp. E–5 to E–8, although some of the practices it describes have been changed. In 1997 Treasury began to sell inflation-indexed notes and bonds. The recorded value of these securities includes a periodic adjustment for inflation.

³ The term “agency debt” is defined more narrowly in the budget than customarily in the securities market, where it includes not only the debt of the Federal agencies listed in Table 12–3 but also the debt of the Government-sponsored enterprises listed in Table 8–11 at the end of Chapter 8 and certain Government-guaranteed securities.

⁴ The Federal sector of the national income and product accounts provides a measure of the current surplus or deficit that can be used to analyze the effect of Federal fiscal policy on national saving within the framework of an integrated set of measures of aggregate U.S. economic activity. The Federal sector and its differences from the budget are discussed in chapter 16 of this volume, “National Income and Product Accounts.” Also see chapter 6 of this volume, Part IV, the section on the analysis of saving and investment.

Issuing debt securities to Government accounts performs an essential function in accounting for the operation of these funds. The balances of debt represent the cumulative surpluses of these funds due to the excess of their tax receipts and other collections compared to their spending. These balances can be used in later years for future payments to the public. The interest on the debt compensates these funds—and the members of the public who pay earmarked taxes or user fees into these funds—for spending some of the funds' collections at a later time than when they receive the money. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts in anticipation of future spending.

However, issuing debt to Government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction of the Government, made between two accounts that are both within the Government itself. It is not a current transaction of the Government with the public; it does not compete with the private sector for available funds in the credit market; it does not provide the account with resources other than a legal claim on the U.S. Treasury; and it does not represent the estimated amount of the account's future transactions with the public. For example, if the account records the transactions of a social insurance program, the debt that it holds does not represent the actuarial present value of expected future benefits for either the current participants or a larger group. The future transactions of Federal social insurance and employee retirement programs, which own over four-fifths of the debt held by Government accounts, are important in their own right and need to be considered separately. This can be done through information published in actuarial and financial reports for these programs.⁵ Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

Debt securities do not encompass all the liabilities of the Federal Government. For example, accounts payable occur in the normal course of buying goods and services; social security benefits are due as of the end

⁵Extensive actuarial analyses of the social security and medicare programs are published in the annual reports of the boards of trustees of these funds. Annual actuarial reports are also prepared for Federal employee retirement funds. A summary of actuarial estimates for these and other programs is prepared annually by the Financial Management Service, Department of the Treasury, in "Statement of Liabilities and Other Financial Commitments of the United States Government." The estimates in that report are not, however, all comparable with one another in concept or actuarial assumptions.

of the month but, according to statute, are payable as of the beginning of the next month; loan guarantee liabilities are incurred when the Government guarantees the payment of interest and principal on private loans; and liabilities for future pension payments are incurred as part of the current compensation for the services performed by Federal civilian and military employees in producing Government outputs. Like debt securities sold in the credit market, these liabilities have their own distinctive effects on the economy. Federal liabilities are analyzed within the broader conceptual framework of Federal resources and responsibilities in chapter 2 of this volume, "Stewardship: Toward a Federal Balance Sheet." The different types of liabilities are reported annually in the financial statements of the major Federal agencies and in the *Financial Report of the United States Government*.⁶

Borrowing and Government Deficits

Table 12–2 summarizes Federal borrowing and debt from 1999 through 2013. In 1999 the Government repaid \$89 billion of debt held by the public, and the debt outstanding decreased to \$3,633 billion. The Treasury issued \$186 billion of debt to Government accounts, and gross Federal debt increased to \$5,606 billion.

Debt held by the public.—Table 12–2 shows the relationship between borrowing from the public and the Federal surplus or deficit. Borrowing from the public depends both on the Federal Government's expenditure programs and tax laws, and on economic conditions. The sensitivity of the budget to economic conditions is analyzed in chapter 1 of this volume.

Before 2001, the total or unified budget surplus consists of the on-budget surplus and the surplus of the off-budget entities, which have been excluded from the budget by law. Under present law, the off-budget Federal entities are the Social Security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund. The table entry for the off-budget surplus is called the "Social Security solvency lock-box," because the Administration proposes that the future off-budget surpluses be reserved for debt reduction.⁷

⁶The *Financial Report* (formerly *Consolidated Financial Statements*) is published annually by the Financial Management Service, Department of the Treasury.

⁷These proposals are part of a broader budget framework proposal discussed in chapter 13, "Preview Report."

Table 12-2. FEDERAL GOVERNMENT FINANCING AND DEBT ¹

(In billions of dollars)

| | 1999 Actual | Estimate | | | | | | | | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Financing: | | | | | | | | | | | | | | | |
| Surplus or deficit (-) | 124 | 167 | 184 | 186 | 185 | 195 | 215 | 256 | 292 | 314 | 329 | 363 | 403 | 443 | 479 |
| (Social Security solvency lock-box: Off-budget) .. | 124 | 148 | 160 | 172 | 184 | 195 | 214 | 224 | 239 | 250 | 260 | 272 | 280 | 295 | 309 |
| (Social Security interest savings transfer) | | | | | | | | | | | | | 100 | 118 | 138 |
| (Medicare solvency debt reduction reserve) | | | 15 | 13 | | | | 30 | 52 | 64 | 69 | 91 | 22 | 30 | 32 |
| (On-budget) | 1 | 19 | 9 | 1 | * | * | 2 | 1 | 1 | * | * | * | * | * | * |
| Means of financing other than borrowing from the public: | | | | | | | | | | | | | | | |
| Changes in: ² | | | | | | | | | | | | | | | |
| Treasury operating cash balance | -18 | 16 | | | | | | | | | | | | | |
| Checks outstanding, deposit funds, etc. ³ | -6 | 1 | 2 | | | | | | | | | | | | |
| Seigniorage on coins | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Less: Social Security equity purchases | | | | | | | | | | | | | -52 | -66 | -83 |
| Less: Net financing disbursements: | | | | | | | | | | | | | | | |
| Direct loan financing accounts | -19 | -29 | -18 | -18 | -17 | -16 | -16 | -16 | -16 | -15 | -15 | -15 | -16 | -16 | -16 |
| Guaranteed loan financing accounts | 5 | * | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Total, means of financing other than borrowing from the public | -36 | -9 | -13 | -15 | -14 | -12 | -12 | -12 | -12 | -12 | -11 | -11 | -63 | -78 | -95 |
| Total, repayment of publicly held debt | 89 | 157 | 171 | 171 | 170 | 183 | 203 | 243 | 280 | 302 | 318 | 352 | 340 | 365 | 384 |
| Change in debt held by the public ⁴ | -89 | -157 | -171 | -171 | -170 | -183 | -203 | -243 | -280 | -302 | -318 | -352 | -340 | -365 | -384 |
| Debt Subject to Statutory Limitation, End of Year: | | | | | | | | | | | | | | | |
| Debt issued by Treasury | 5,578 | 5,658 | 5,742 | 5,828 | 5,921 | 6,009 | 6,096 | 6,185 | 6,268 | 6,347 | 6,424 | 6,502 | 6,595 | 6,693 | 6,794 |
| Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation ⁵ | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 | -15 |
| Adjustment for discount and premium ⁶ | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total, debt subject to statutory limitation ⁷ | 5,568 | 5,648 | 5,732 | 5,819 | 5,912 | 5,999 | 6,086 | 6,175 | 6,258 | 6,337 | 6,414 | 6,492 | 6,585 | 6,683 | 6,785 |
| Debt Outstanding, End of Year: | | | | | | | | | | | | | | | |
| Gross Federal debt: | | | | | | | | | | | | | | | |
| Debt issued by Treasury | 5,578 | 5,658 | 5,742 | 5,828 | 5,921 | 6,009 | 6,096 | 6,185 | 6,268 | 6,347 | 6,424 | 6,502 | 6,595 | 6,693 | 6,794 |
| Debt issued by other agencies | 29 | 28 | 27 | 27 | 25 | 24 | 23 | 22 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Total, gross Federal debt | 5,606 | 5,686 | 5,769 | 5,855 | 5,947 | 6,034 | 6,118 | 6,206 | 6,288 | 6,367 | 6,444 | 6,522 | 6,615 | 6,713 | 6,815 |
| Held by: | | | | | | | | | | | | | | | |
| Debt securities held as assets by Government accounts | | | | | | | | | | | | | | | |
| Social Security | 855 | 1,004 | 1,164 | 1,338 | 1,522 | 1,717 | 1,930 | 2,154 | 2,392 | 2,641 | 2,899 | 3,170 | 3,498 | 3,843 | 4,206 |
| Federal employee retirement | 643 | 681 | 717 | 754 | 789 | 824 | 858 | 891 | 922 | 952 | 980 | 1,006 | 1,034 | 1,063 | 1,093 |
| Other | 475 | 525 | 582 | 630 | 672 | 712 | 752 | 828 | 920 | 1,023 | 1,131 | 1,263 | 1,341 | 1,429 | 1,523 |
| Debt securities held as assets by the public ⁸ | 3,633 | 3,476 | 3,305 | 3,134 | 2,963 | 2,781 | 2,578 | 2,334 | 2,054 | 1,752 | 1,434 | 1,082 | 742 | 377 | ** ⁹ |

* \$500 million or less.

¹ Almost all Treasury securities held by the public and zero-coupon bonds held by Government accounts are measured at sales price plus amortized discount or less amortized premium. Almost all Agency debt is measured at face value. Almost all Treasury securities in the Government account series are measured at face value less unrealized discount (if any).

² A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing a deficit and therefore would have a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing a deficit and therefore would also have a positive sign.

³ Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as offsets, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

⁴ Includes a \$355 million reclassification of debt in 2000. Indian tribal funds that are owned by the Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf were reclassified from trust funds to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public.

⁵ Consists primarily of Federal Financing Bank debt.

⁶ Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

⁷ The statutory debt limit is \$5,950 billion.

⁸ At the end of 1999, the Federal Reserve Banks held \$489 billion of Federal securities and the rest of the public held \$3,144 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

⁹ Total debt will be fully redeemed in 2013. Policy decisions will be required on use of the surplus once debt has been redeemed.

Beginning in 2001, the surplus section of this table shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. Called "Medicare Solvency Debt Reduction Reserve," these amounts would not be available for spending under the budget resolution or on the PAYGO scorecard. They would be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. Beginning in 2011, the surplus section of this table also shows the Social Security interest savings transfer, which is the proposed payment from the general fund to the Social Security trust funds due to the on-budget interest savings from the cumulative Social Security surplus. Table 12-2 therefore shows the unified budget surplus divided among the Social Security solvency lock-box (off-budget surplus), Social Security interest savings transfer, Medicare Solvency Debt Reduction Reserve, and the on-budget surplus.

Social security, which comprises almost all of the off-budget totals, accounted for nearly all the unified budget surplus in 1999. It is estimated to have large and rising surpluses throughout the projection period, continuing to account for a major part of the estimated unified budget surplus. This will be used to repay the publicly held debt, which decreases from \$3,633 billion at the end of 1999 to \$1,082 billion at the end of 2010 and is fully repaid in 2013.⁸

The Government's ability to repay debt held by the public, or its need to borrow, depends on the size of the total surplus or deficit and on several other factors—such as the net financing disbursements of credit programs, and changes in the level of cash balances held by the Treasury. As shown in Table 12-2, these other factors—which are formally called "means of financing other than borrowing from the public"—can either increase or decrease the Government's repayment of debt. (An increase in its ability to repay debt is represented by a positive sign, like the surplus; a decrease is represented by a negative sign, like a deficit.) In 1999 the surplus was \$124 billion and the "other means of financing" were -\$36 billion, so the Government was able to repay \$89 billion of publicly held debt. In 2000 the surplus is estimated to grow to \$167 billion, and the "other means of financing" are estimated to decline in absolute value to -\$9 billion. As a result, the estimated repayment of debt held by the public increases to \$158 billion. In 2001 and later years, the estimated surplus increases substantially, as a result of which the Government repays large and generally increasing amounts of debt each year.

When the surplus or deficit is large, it is usually a good approximation to say that "the surplus is used to repay debt held by the public" or "the deficit is financed by borrowing from the public." Over the last 10 years, the cumulative deficit was \$1,339 billion and the increase in debt held by the public was \$1,442—

very similar amounts. The other factors added a total of \$103 billion of borrowing over that period, an average of \$10 billion per year. The variation was wide, ranging from additional borrowing (or lower repayment) of \$36 billion to reduced borrowing of \$18 billion. The other factors that affect borrowing do not depend on the size of the surplus or deficit. Thus, when the surplus or deficit is moderate in size, the other factors that affect borrowing may account for a large proportion of the change in Federal debt held by the public.

Many of these other factors are small in most years compared to borrowing from the public, even when the surplus or deficit is relatively small. This is because they are limited by their own nature. Decreases in cash balances, for example, while they may occasionally be large, are inherently limited by past accumulations, which themselves required financing when they were built up.

However, three other factors in the "other means of financing" may be relatively large over longer periods. The first is premiums and discounts on debt buybacks. The Treasury Department plans to buy back some outstanding notes and bonds as part of its effort to manage the reduction of the publicly held debt. The premiums and discounts will be recorded outside the budget totals as a "means of financing other than borrowing from the public." The Treasury has made no firm decision about the timing or the amount of buybacks at this time. Because it is impossible to develop a firm plan prior to completion of the initial operations, this budget includes no estimate of future buyback premiums. When the buybacks do occur, future budgets will record any premium payments or discount collections as a means of financing, and will present them in a separate entry in this table. This classification is discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

The second such factor is equity purchases by the Social Security trust fund, which the Administration proposes to begin in 2011. They are recorded as an "other means of financing" rather than an outlay.

The third such factor was created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated subsidy cost of the loans or guarantees at the time when the direct loans or guaranteed loans are disbursed. The cash flows to and from the public resulting from these loans and guarantees are not costs to the Government except for those costs already included in budget outlays. Therefore, they are non-budgetary in nature and are recorded as transactions of the non-budgetary financing account for each credit program.⁹ The net cash flows of the financing accounts, including intragovernmental transactions as well as transactions with the public, are called "net financing disbursements." They are defined in the same way as the "out-

⁸For further explanation of the off-budget Federal entities, see chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities."

⁹The Federal Credit Reform Act of 1990 (sec. 505(b)) requires that the financing accounts be non-budgetary. As explained in chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities," they are non-budgetary in concept because they do not measure cost. For additional discussion of credit reform, see chapter 24 of this volume, "Budget System and Concepts and Glossary," and the other references cited in chapter 19.

lays" of a budgetary account and therefore affect the ability to repay debt held by the public, or the requirements for borrowing from the public, in the same way as the surplus or deficit.

The net financing disbursements are partly due to intragovernmental transactions with budgetary accounts (the receipt of subsidy payment and the receipt or payment of interest), and partly due to transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, and so forth). An intragovernmental transaction does not affect Federal borrowing from the public. (Although the surplus or deficit changes, the net financing disbursements change in an equal amount with the opposite sign, so the effects cancel out on a net basis.) On the other hand, financing account disbursements to the public increase the requirement for borrowing from the public in the same way as an increase in budget outlays for cash payments to the public. Financing account receipts from the public can be used to finance the payment of the Government's obligations, and therefore reduce the requirement for Federal borrowing from the public in the same way as an increase in budget receipts.

In the early years of credit reform, the financing accounts had little net effect on borrowing requirements, but their impact began to become large in the middle 1990s. By 1999 they required \$13 billion of financing, and thus reduced the repayment of debt by this amount; they are estimated to reduce debt repayment by \$28 billion in 2000 and by around \$13–16 billion per year subsequently. The expansion from the early years was mainly because of the growth of the direct

student loan program. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are initially increased. Later, when the loans are repaid, Federal borrowing requirements will decrease.

Debt held by Government accounts.—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 94 percent of the total Federal debt held by Government accounts at the end of 1999. In 2001, for example, the total trust fund surplus is estimated to be \$241 billion, and Government accounts are estimated to invest \$253 billion in Federal securities. The difference is because some revolving funds and special funds also hold Federal debt, and because the trust funds may change the amount of their cash assets not currently invested. The amounts of debt held in major accounts and the annual investments are shown in Table 12–4.

Agency Debt

Several Federal agencies, shown in Table 12–3, sell debt securities to the public and to other Government accounts. During 1999, agencies borrowed \$2.4 billion from the public. Agency debt is only one percent of Federal debt held by the public.

The reasons for issuing agency debt differ considerably from one agency to another. The predominant agency borrower is the Tennessee Valley Authority, which had borrowed \$26.4 billion from the public as of the end of 1999, or 93 percent of the total for all

Table 12–3. AGENCY DEBT

(In millions of dollars)

| | Borrowing or repayment (-) of debt | | | Debt end of 2001 estimate |
|---|------------------------------------|---------------|---------------|---------------------------|
| | 1999 actual | 2000 estimate | 2001 estimate | |
| Borrowing from the public: | | | | |
| Housing and Urban Development: | | | | |
| Federal Housing Administration | -59 | 4 | ..... | 118 |
| Small Business Administration: | | | | |
| Participation certificates: Section 505 development company ..... | ..... | ..... | ..... | 7 |
| Architect of the Capitol | -2 | -2 | -2 | 171 |
| Farm Credit System Financial Assistance Corporation | -397 | -89 | ..... | 775 |
| Federal Deposit Insurance Corporation: | | | | |
| FSLIC Resolution Fund ..... | ..... | ..... | ..... | 63 |
| National Archives | -5 | -6 | -6 | 265 |
| Tennessee Valley Authority | 2,892 | -304 | -657 | 25,417 |
| Total, borrowing from the public | 2,429 | -397 | -665 | 26,816 |
| Borrowing from other funds: | | | | |
| Postal Service Fund ² | -83 | -83 | ..... | 551 |
| Tennessee Valley Authority ² | -3,200 | ..... | ..... | ..... |
| Total, borrowing from other funds | -3,283 | -83 | ..... | 551 |
| Total, agency borrowing | -854 | -480 | -665 | 27,367 |

¹In previous years this table reported \$13.312 million of monetary credits outstanding for the Department of Interior, Bureau of Land Management. It has been determined that these securities were redeemed by the end of 1991. The historical data have been revised as of 1991, but it has not been possible to revise the data for earlier years.

²The Postal Service and TVA debt held by other funds is the result of the FFB swapping Postal Service and TVA securities with the Civil Service Retirement and Disability trust fund during 1996 in exchange for Treasury securities having an equal present value. See the narrative for further explanation.

agencies. TVA sells debt primarily to finance capital expenditures and to refund other issues of its existing debt. Almost all of the agency borrowing in 1999 and the debt repayment in 2000–01 is due to TVA.

The Federal Housing Administration, on the other hand, has for many years issued both checks and debentures as means of paying claims to the public that arise from defaults on FHA-insured mortgages. Issuing debentures to pay the Government's bills is equivalent to borrowing from the public and then paying the bills by disbursing the cash borrowed, so the transaction is recorded as being simultaneously an outlay and a borrowing. The debentures are therefore classified as agency debt. The borrowing by FHA and a few other agencies that have engaged in similar transactions is thus inherent in the way that their programs operate.¹⁰

Some types of lease-purchase contracts are equivalent to direct Federal construction financed by Federal borrowing. A number of years ago, the Federal Government guaranteed the debt used to finance the construction of buildings for the National Archives and the Architect of the Capitol, and has exercised full control over the design, construction, and operation of the buildings. The construction expenditures and interest were therefore classified as Federal outlays, and the borrowing was classified as Federal agency borrowing from the public.

The proper budgetary treatment of lease-purchases was further examined in connection with the Budget Enforcement Act of 1990. Several changes were made. Among other decisions, it was determined that outlays for a lease-purchase in which the Government assumes substantial risk will be recorded in an amount equal to the asset cost over the period during which the contractor constructs, manufactures, or purchases the asset; if the asset already exists, the outlays will be recorded when the contract is signed. Agency borrowing will be recorded each year to the extent of these outlays. The agency debt will subsequently be redeemed over the lease payment period by a portion of the annual lease payments. This rule was effective starting in 1991. However, no lease-purchase agreements in which the Government assumes substantial risk have yet been authorized or are estimated for 2000 or 2001. The new budgetary treatment was reviewed in connection with the Balanced Budget Act of 1997. Some clarifications were made, but there were no substantive changes from existing practice.

The amount of agency securities sold to the public has been reduced by borrowing from the Federal Financing Bank (FFB). The FFB is an entity within the Treasury Department, one of whose purposes is to substitute Treasury borrowing for agency borrowing from the public. It has the authority to purchase agency debt and finance these purchases by borrowing from the Treasury. Agency borrowing from the FFB is not included in gross Federal debt. It would be double

counting to add together (a) the agency borrowing from the FFB and (b) the Treasury borrowing from the public that was needed to provide the FFB with the funds to lend to the agencies.

The debt of the agencies that borrow from the FFB is not subject to the statutory debt limitation. This enabled Treasury to raise additional cash to avoid default during the dispute with Congress over the budget and the debt limit four years ago. In February 1996, FFB swapped most of its holdings of TVA and Postal Service debt to the Civil Service Retirement and Disability trust fund (CSRDF) in exchange for Treasury securities. The TVA and Postal Service securities acquired by CSRDF are included in gross Federal debt shown in Table 12–2, are included in Table 12–3 as amounts that agencies borrowed from other funds, and are included in Table 12–4 as agency debt held by Government accounts. Including agency debt held by Government accounts in gross Federal debt is not double counting, because Treasury did not have to borrow from the public in order for these accounts to buy the securities. Moreover, the TVA and Postal Service securities acquired by CSRDF replaced Treasury securities, which had been counted in gross Federal debt. It is assumed for purposes of the budget estimates that CSRDF will hold the agency debt until maturity (or call date), at which time the principal repayments will be invested in Treasury securities.¹¹

TVA prepaid its entire \$3.2 billion of debt securities held by CSRDF in October 1998. The Omnibus Consolidated and Emergency Appropriations Act of 1999 permitted TVA to prepay this debt at par and provided an appropriation to FFB to cover the prepayment charge otherwise owed. (The appropriation to FFB was used to make CSRDF whole.) The Act also prohibited TVA from borrowing from the FFB in the future. TVA financed the prepayment by borrowing from the public. As a result, its debt held by the public increased \$2.9 billion in 1999, while its total debt decreased by \$0.3 billion.

Debt Held by Government Accounts

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.

Investment by trust funds and other Government accounts has risen greatly over the past two decades. It was \$216.1 billion in 1999, as shown in Table 12–4, and it is estimated to rise to \$253.5 billion in 2001. The holdings of Federal securities by Government accounts are estimated to grow to \$2,464.7 billion by the end of 2001, or 43 percent of the gross Federal debt. This percentage is estimated to rise further in the following years as the budget surpluses reduce the debt

¹⁰The debt securities of the FSLIC Resolution fund were also issued as a means of paying specified bills. The budgetary treatment of these and similar securities is further explained in Special Analysis E of the 1989 *Budget*, pp. E-25 to E-26; and Special Analysis E of the 1988 *Budget*, pp. E-27 to E-28.

¹¹For further discussion of the debt limit dispute and the swap of securities between the FFB and CSRDF, see *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1998*, pp. 222 and 225.

held by the public and the trust funds continue to accumulate surpluses.

Table 12-4. DEBT HELD BY GOVERNMENT ACCOUNTS ¹

(In millions of dollars)

| Description | Investment or disinvestment (-) | | | Holdings end of 2001 estimate |
|---|---------------------------------|----------------|----------------|-------------------------------|
| | 1999 actual | 2000 estimate | 2001 estimate | |
| Investment in Treasury debt: | | | | |
| Energy: Nuclear waste disposal fund ¹ | 548 | 1,190 | 1,012 | 10,136 |
| Health and Human Services: | | | | |
| Federal hospital insurance trust fund | 35,517 | 9,677 | 37,827 | 201,271 |
| Federal supplementary medical insurance trust fund | -12,973 | 17,956 | -3,795 | 40,689 |
| Vaccine injury compensation trust fund | 145 | 97 | 87 | 1,615 |
| Housing and Urban Development: | | | | |
| Federal Housing Administration mutual mortgage fund | 598 | 3,700 | 4,600 | 23,242 |
| Other HUD | 369 | 409 | 365 | 6,765 |
| Interior: Abandoned Mine Reclamation fund | 97 | 50 | 76 | 1,891 |
| Labor: | | | | |
| Unemployment trust fund | 6,716 | 8,042 | 7,716 | 93,116 |
| Pension Benefit Guaranty Corporation | 599 | 1,121 | 1,504 | 11,921 |
| State: Foreign Service retirement and disability trust fund | 581 | 556 | 568 | 11,255 |
| Transportation: | | | | |
| Highway trust fund | 10,157 | 3,354 | 817 | 32,254 |
| Airport and airway trust fund | 3,864 | 919 | 863 | 14,196 |
| Oil spill liability trust fund | -56 | 94 | -68 | 1,088 |
| Treasury: Exchange stabilization fund | -748 | 762 | 800 | 16,794 |
| Veterans Affairs: | | | | |
| National service life insurance trust fund | -55 | -161 | -209 | 11,584 |
| Other trust funds | 37 | 20 | 32 | 1,848 |
| Federal funds | -7 | -9 | -17 | 525 |
| Defense-Civil: | | | | |
| Military retirement trust fund | 7,431 | 5,059 | 6,439 | 152,772 |
| Harbor maintenance trust fund | 329 | ..... | ..... | 1,603 |
| Environmental Protection Agency: | | | | |
| Hazardous substance trust fund | -702 | 32 | 1,565 | 6,190 |
| Leaking underground storage tank trust fund | 225 | 102 | 215 | 1,775 |
| International Assistance Programs: | | | | |
| Overseas Private Investment Corporation | 241 | 118 | 18 | 3,220 |
| Office of Personnel Management: | | | | |
| Civil Service retirement and disability trust fund | 33,883 | 30,623 | 29,526 | 540,789 |
| Employees life insurance fund | 1,379 | 979 | 1,321 | 23,055 |
| Employees health benefits fund | -430 | -226 | -146 | 5,463 |
| Social Security Administration: | | | | |
| Federal old-age and survivors insurance trust fund ² | 108,944 | 129,116 | 138,292 | 1,029,634 |
| Federal disability insurance trust fund ² | 15,670 | 20,547 | 21,810 | 135,023 |
| Farm Credit System Insurance Corporation: | | | | |
| Farm Credit Insurance Fund | 60 | 143 | ..... | 1,519 |
| Federal Deposit Insurance Corporation: | | | | |
| Bank Insurance fund | 914 | 665 | ..... | 29,024 |
| FSLIC Resolution fund | 217 | 531 | -85 | 2,750 |
| Savings Association Insurance fund | 542 | 391 | 374 | 10,909 |
| National Credit Union Administration: Share insurance fund | 250 | 490 | 450 | 5,068 |
| Postal Service fund ² | -191 | ..... | ..... | 809 |
| Railroad Retirement Board trust funds ¹ | 176 | 1,089 | 883 | 19,239 |
| Other Federal funds | 1,062 | 175 | 456 | 7,572 |
| Other trust funds | 3,590 | -210 | 203 | 8,631 |
| Unrealized discount ¹ | 376 | ..... | ..... | -1,808 |
| Total, investment in Treasury debt ¹ | 219,353 | 237,401 | 253,499 | 2,463,426 |
| Investment in agency debt: | | | | |
| Office of Personnel Management: | | | | |
| Civil Service retirement and disability trust fund | -3,283 | -83 | ..... | 551 |
| Total, investment in agency debt | -3,283 | -83 | ..... | 551 |
| Total, investment in Federal debt ¹ | 216,070 | 237,318 | 253,499 | 2,463,977 |

Table 12-4. DEBT HELD BY GOVERNMENT ACCOUNTS ¹—Continued

(In millions of dollars)

| Description | Investment or disinvestment (-) | | | Holdings end of 2001 estimate |
|--|---------------------------------|---------------|---------------|-------------------------------|
| | 1999 actual | 2000 estimate | 2001 estimate | |
| MEMORANDUM | | | | |
| Investment by Federal funds (on-budget) | 4,741 | 9,736 | 9,553 | 131,336 |
| Investment by Federal funds (off-budget) | -191 | ..... | ..... | 809 |
| Investment by trust funds (on-budget) | 86,529 | 77,919 | 83,844 | 1,168,984 |
| Investment by trust funds (off-budget) | 124,615 | 149,663 | 160,102 | 1,164,657 |
| Unrealized discount ¹ | 376 | ..... | ..... | -1,808 |

¹ Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Nuclear Waste Disposal fund and the Railroad Retirement Board (Rail Industry Pension Fund), which are recorded at market or redemption price; and the unrealized discount on Government account series, which is not distributed by account. Changes are not estimated in the unamortized discount of the zero-coupon bonds or the unrealized discount. If recorded at face value, the debt held by the Nuclear Waste Disposal fund would be \$7.3 billion higher than recorded in this table at the end of 1999 and the debt held by the Railroad Retirement Board would be \$7.1 billion higher.

² Off-budget Federal entity.

The large investment by Government accounts is concentrated among a few trust funds. The two social security trust funds—old-age and survivors insurance and disability insurance—have a large combined surplus and invest an increasing amount each year: a total of \$434.4 billion during 1999–2001, which constitutes 61 percent of the total estimated investment by Government accounts.

In addition to these two funds, the largest investment is by the Federal employee retirement and disability trust funds. The principal trust fund for Federal civilian employees is the civil service retirement and disability trust fund, which accounts for 13 percent of the total investment by Government accounts during 1999–2001. The military retirement trust fund accounts for 3 percent. Altogether, social security and these two retirement funds account for 77 percent of the investment by all Government accounts during this period. At the end of 2001, they are estimated to own 75 percent of the total debt held by Government accounts. The largest other holdings are by the hospital insurance trust fund and the unemployment trust fund.

Technical note on debt reclassifications.—Two holdings of debt have been reclassified from debt held by Government accounts to debt held by the public. Both involve deposit funds. Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). Because the amounts are not owned by the Government, the transactions of deposit funds are not included in the unified budget receipts, outlays, and surplus or deficit, and the Treasury securities held by deposit funds have normally been included in debt held by the public rather than debt held by Government accounts.¹²

The first reclassification was from applying this dividing line more consistently. Since 1977, two or three deposit funds have been classified as Government ac-

counts, the largest being for Outer Continental Shelf receipts whose ownership was in dispute. The Treasury securities held by these deposit funds have been reclassified as debt held by the public, rather than debt held by Government accounts, and the historical data have been revised retroactively to 1977. The amount reclassified as of September 30, 1999, was \$1,742 million.

Second, Indian tribal funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf were reclassified from trust funds (within the budget) to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public. The amount of the securities reclassified was \$355 million, which, as noted in footnote 4 to table 12-2, means that the decrease in publicly held debt in 2000 will be \$355 million less than the repayment of debt. The change in classification is explained in chapter 15, "Trust Funds and Federal Funds."

Technical note on measurement.—The Treasury securities held by Government accounts consist almost entirely of the Government account series. Most were issued at par value (face value), and the securities issued at a discount or premium have traditionally been recorded at par in the OMB and Treasury reports on Federal debt. However, there are two kinds of exceptions. First, in 1991, Treasury began to issue zero-coupon bonds to a very few Government accounts. Because the purchase price is a small fraction of par value and the amounts are large, the holdings are recorded in table 12-4 at purchase price plus amortized discount. The only two Government accounts currently affected are the Nuclear Waste Disposal fund in the Department of Energy, and the Rail Industry Pension fund under the Railroad Retirement Board. The total unamortized discount of these zero-coupon bonds was \$8.5 billion at the end of 1999.

Second, in September 1993 Treasury began to subtract the unrealized discount on other Government account series securities in calculating "net federal securities held as investments of government accounts." Unlike the discount recorded for zero-coupon bonds or for any debt held by the public, this discount is the amount

¹² Deposit funds are further discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

at the time of issue and is not amortized over the term of the security. In Table 12-4 it is shown as a separate item at the end of the table and not distributed by account. The amount was \$1.8 billion at the end of 1999.

Limitations on Federal Debt

Definition of debt subject to limit.—Statutory limitations have usually been placed on Federal debt. Until World War I, the Congress ordinarily authorized a specific amount of debt for each separate issue. Beginning with the Second Liberty Bond Act of 1917, however, the nature of the limitation was modified in several steps until it developed into a ceiling on the total amount of most Federal debt outstanding. This last type of limitation has been in effect since 1941. The limit currently applies to most debt issued by the Treasury since September 1917, whether held by the public or by Government accounts; and other debt issued by Federal agencies that, according to explicit statute, is guaranteed as to principal and interest by the United States Government.

The middle part of Table 12-2 compares total Treasury debt with the amount of Federal debt that is subject to the limit. Most of the Treasury debt not subject to limit was issued by the FFB (Federal Financing Bank). The FFB is authorized to have outstanding up to \$15 billion of publicly issued debt, and this amount was issued several years ago to the Civil Service Retirement and Disability trust fund. The remaining Treasury debt not subject to limit consists almost entirely of silver certificates and other currencies no longer being issued.

The sole type of agency debt currently subject to the general limit is the debentures issued by the Federal Housing Administration, which were only \$114 million at the end of 1999. Some of the other agency debt, however, is subject to its own statutory limit. For example, the Tennessee Valley Authority is limited to \$30 billion of securities outstanding.

The comparison between Treasury debt and debt subject to limit also includes an adjustment for measurement differences in the treatment of discounts and premiums. As explained elsewhere in this chapter, debt securities may be sold at a discount or premium, and the measurement of debt may take this into account rather than recording the face value of the securities. However, the measurement differs between gross Federal debt (and its components) and the statutory definition of debt subject to limit. An adjustment is needed to derive debt subject to limit (as defined by law) from Treasury debt, and this adjustment is defined in footnote 6 to Table 12-2. The amount is relatively small: \$5.5 billion at the end of 1999 compared to the total discount (less premium) of \$78.7 billion on all Treasury securities.

Methods of changing the debt limit.—The statutory debt limit has frequently been changed. Since 1960, Congress has passed 68 separate acts to raise

the limit, extend the duration of a temporary increase, or revise the definition.¹³

The statutory limit can be changed by normal legislative procedures. It can also be changed as a consequence of the annual congressional budget resolution, which is not itself a law. The budget resolution includes a provision specifying the appropriate level of the debt subject to limit at the end of each fiscal year. The rules of the House of Representatives provide that, when the budget resolution is adopted by both Houses of the Congress, the vote in the House of Representatives is deemed to have been a vote in favor of a joint resolution setting the statutory limit at the level specified in the budget resolution. The joint resolution is transmitted to the Senate for further action. It may be amended in the Senate to change the debt limit provision or in any other way. If it passes both Houses of the Congress, it is sent to the President for his signature. This method directly relates the decision on the debt limit to the decisions on the Federal deficit and other factors that determine the change in the debt subject to limit. Both methods have been used numerous times.

Recent changes in the debt limit.—Major increases in the debt limit were enacted as part of the deficit reduction packages in the Omnibus Budget Reconciliation Acts of 1990 and 1993. Both changes in law were preceded by one or more temporary increases in the limit before agreement was reached on the debt and the deficit reduction measures together. Both increases in the debt limit were large enough to last over two years without a further change in law, the longest times without an increase since the period from 1946 to 1954.

The debt again approached the limit in 1995, and the limit again became part of the larger issue of deficit reduction. During an extended period of dispute between the President and the Congress, the Treasury Department took a number of administrative actions to keep within the limit and the Congress passed two acts providing temporary exemptions from the limit. In March 1996, although agreement had not been reached on deficit reduction, Congress passed the Contract with America Advancement Act of 1996, one provision of which increased the debt limit from \$4,900 billion to \$5,500 billion. The President signed the bill into law on March 29.

During 1997, unlike 1996, the President and the Congress reached agreement on a plan to balance the budget. This included a sufficient increase in the debt limit to accommodate Government finances for longer than possible under the limit enacted in the previous year, even though the amount of debt at that time was considerably under the limit. As a result, the Balanced Budget Act of 1997, which the President signed into law on August 5, 1997, increased the debt limit to

¹³The Acts and the statutory limits since 1940 are enumerated in *Historical Tables, Budget of the United States Government*, table 7.3.

\$5,950 billion. According to the estimates in Table 12–2, the debt limit will not be reached until 2004.

Federal funds financing and the change in debt subject to limit.—The change in debt held by the public, as shown in Table 12–2, is determined primarily by the total Government deficit or surplus. The debt subject to limit, however, includes not only debt held by the public but also debt held by Government accounts. The change in debt subject to limit is therefore determined both by the factors that determine the total Government deficit or surplus and by the factors that determine the change in debt held by Government accounts.

The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified purposes, such as paying social security benefits or making grants to State governments for highway construction.¹⁴

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts that are not within the Federal funds group. Federal funds borrowing consists almost entirely of the Treasury

issuing securities that are subject to the statutory debt limit. Trust fund surpluses are almost entirely invested in these securities, and trust funds hold most of the debt held by Government accounts. Very little debt subject to statutory limit is issued for other reasons. The change in debt subject to limit is therefore determined primarily by the Federal funds deficit, which is equal to the difference between the total Government surplus and the trust fund surplus.

Table 12–5 derives the change in debt subject to limit. In 2001 the Federal funds deficit is estimated to be \$57.3 billion, and other factors increase the requirement to borrow subject to limit by \$26.0 billion. The largest other factor (\$17.7 billion) is the direct loan financing accounts. As explained in an earlier section, their net financing disbursements are excluded from the budget by law because they do not represent a cost to the Government, but they have to be financed and they are currently sizable. The next largest factor (\$9.6 billion) is investment in Treasury securities by revolving funds and special funds in the Federal funds group. As a result of all these factors, the debt subject to limit is estimated to increase by \$83.3 billion, in contrast to a \$170.9 billion decrease in debt held by the public.

The budget surplus or deficit equals the sum of the Federal funds surplus or deficit and the trust fund surplus or deficit. The trust funds currently have a large surplus, as they have had for a number of years, and it is estimated to grow throughout the projection period.

¹⁴For further discussion of the trust funds and Federal funds groups, see chapter 15, "Trust Funds and Federal Funds."

Table 12–5. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT

(In billions of dollars)

| Description | 1999 actual | Estimate | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Federal funds surplus or deficit (–) | –88.3 | –57.6 | –57.3 | –71.8 | –77.6 | –74.3 | –72.5 |
| Means of financing other than borrowing: | | | | | | | |
| Change in: ¹ | | | | | | | |
| Treasury operating cash balance | –17.6 | 16.5 | ..... | ..... | ..... | ..... | ..... |
| Checks outstanding, etc. ² | –4.3 | –2.3 | –1.0 | ..... | ..... | ..... | ..... |
| Deposit fund balances ³ | 0.1 | ..... | ..... | ..... | ..... | ..... | ..... |
| Seigniorage on coins | 1.0 | 1.4 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 |
| Less: Net financing disbursements: | | | | | | | |
| Direct loan financing accounts | –18.6 | –28.9 | –17.7 | –17.6 | –17.2 | –15.7 | –15.6 |
| Guaranteed loan financing accounts | 5.2 | 0.4 | 1.3 | 1.4 | 1.5 | 1.6 | 1.7 |
| Total, means of financing other than borrowing | –34.1 | –12.6 | –15.8 | –14.6 | –14.2 | –12.5 | –12.3 |
| Decrease or increase (–) in Federal debt held by Federal funds | –4.9 | –9.8 | –9.6 | ..... | ..... | ..... | ..... |
| Increase or decrease (–) in Federal debt not subject to limit | –0.8 | –0.5 | –0.7 | –0.8 | –1.1 | –0.9 | –1.8 |
| Total, requirement for Federal funds borrowing subject to debt limit | 128.1 | 80.4 | 83.3 | 87.2 | 92.9 | 87.7 | 86.6 |
| Adjustment for change in discount or premium ⁴ | 0.1 | ..... | ..... | ..... | ..... | ..... | ..... |
| Adjustment for reclassification of debt ..... | ..... | 0.4 | ..... | ..... | ..... | ..... | ..... |
| Increase in debt subject to limit | 128.2 | 80.7 | 83.3 | 87.2 | 92.9 | 87.7 | 86.6 |
| ADDENDUM | | | | | | | |
| Debt subject to statutory limit ⁵ | 5,567.7 | 5,648.4 | 5,731.7 | 5,818.6 | 5,911.5 | 5,999.2 | 6,085.8 |

¹A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing the deficit and therefore would have a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing the deficit and would therefore also have a positive sign.

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

³Does not include investment in Federal debt securities by deposit funds.

⁴Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

⁵The statutory debt limit is \$5,950 billion.

The Federal funds, in contrast, as shown in Table 12-5, continue to have a deficit every year over this period. Mainly because of the Federal funds deficit, the debt subject to limit continues to increase every year while the debt held by the public decreases. This can be seen by comparing the annual increase in debt subject to limit in Table 12-5 with the annual decrease in debt held by the public in Table 12-2. In 2005, for example, when the Government has a \$215.4 billion total surplus and the debt held by the public decreases by \$203.2 billion, the debt subject to limit increases by \$86.6 billion. From the end of 1999 to 2005, debt held by the

public decreases by \$1,055 billion while debt subject to limit increases by \$518 billion.

Debt Held by Foreign Residents

During most of American history, the Federal debt was held almost entirely by individuals and institutions within the United States. In the late 1960s, as shown in Table 12-6, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

Foreign holdings began to grow significantly starting in 1970. This increase has been almost entirely due to foreign decisions, both official and private, rather

Table 12-6. FOREIGN HOLDINGS OF FEDERAL DEBT

(Dollar amounts in billions)

| Fiscal year | Debt held by the public | | | Borrowing from the public | | Interest on debt held by the public | | |
|-------------------|-------------------------|----------------------|--------------------|---------------------------|----------------------|-------------------------------------|----------------------|--------------------|
| | Total | Foreign ¹ | Percentage foreign | Total ² | Foreign ¹ | Total ³ | Foreign ⁴ | Percentage foreign |
| 1965 | 260.8 | 12.3 | 4.7 | 3.9 | 0.3 | 9.6 | 0.5 | 4.9 |
| 1966 | 263.7 | 11.6 | 4.4 | 2.9 | -0.7 | 10.1 | 0.5 | 5.1 |
| 1967 | 266.6 | 11.4 | 4.3 | 2.9 | -0.2 | 11.1 | 0.6 | 5.1 |
| 1968 | 289.5 | 10.7 | 3.7 | 22.9 | -0.7 | 11.9 | 0.7 | 5.6 |
| 1969 | 278.1 | 10.3 | 3.7 | -1.3 | -0.4 | 13.5 | 0.7 | 5.3 |
| 1970 | 283.2 | 14.0 | 5.0 | 3.5 | 3.8 | 15.4 | 0.8 | 5.5 |
| 1971 | 303.0 | 31.8 | 10.5 | 19.8 | 17.8 | 16.2 | 1.3 | 7.9 |
| 1972 | 322.4 | 49.2 | 15.2 | 19.3 | 17.3 | 16.8 | 2.4 | 14.2 |
| 1973 | 340.9 | 59.4 | 17.4 | 18.5 | 10.3 | 18.7 | 3.2 | 17.2 |
| 1974 | 343.7 | 56.8 | 16.5 | 2.8 | -2.6 | 22.7 | 4.1 | 17.9 |
| 1975 | 394.7 | 66.0 | 16.7 | 51.0 | 9.2 | 25.0 | 4.5 | 18.2 |
| 1976 | 477.4 | 69.8 | 14.6 | 82.2 | 3.8 | 29.3 | 4.4 | 15.1 |
| TQ | 495.5 | 74.6 | 15.1 | 18.1 | 4.9 | 7.8 | 1.2 | 14.9 |
| 1977 | 549.1 | 95.5 | 17.4 | 53.6 | 20.9 | 33.8 | 5.1 | 15.0 |
| 1978 | 607.1 | 121.0 | 19.9 | 58.0 | 25.4 | 40.2 | 7.9 | 19.5 |
| 1979 ⁵ | 640.3 | 120.3 | 18.8 | 33.2 | -0.7 | 49.9 | 10.7 | 21.5 |
| 1980 | 711.9 | 121.7 | 17.1 | 71.6 | 1.4 | 62.8 | 11.0 | 17.5 |
| 1981 | 789.4 | 130.7 | 16.6 | 77.5 | 9.0 | 81.7 | 16.4 | 20.1 |
| 1982 | 914.6 | 140.6 | 15.2 | 135.2 | 9.9 | 101.2 | 18.7 | 18.5 |
| 1983 | 1,137.3 | 160.1 | 14.1 | 212.7 | 19.5 | 111.6 | 19.2 | 17.2 |
| 1984 | 1,307.0 | 175.5 | 13.4 | 169.7 | 15.4 | 133.5 | 20.3 | 15.2 |
| 1985 ⁵ | 1,507.4 | 222.9 | 14.8 | 200.3 | 47.4 | 152.9 | 23.0 | 15.1 |
| 1986 | 1,740.8 | 265.5 | 15.3 | 233.4 | 42.7 | 159.3 | 24.2 | 15.2 |
| 1987 | 1,889.9 | 279.5 | 14.8 | 149.2 | 14.0 | 160.4 | 25.7 | 16.0 |
| 1988 | 2,051.8 | 345.9 | 16.9 | 161.9 | 66.4 | 172.3 | 29.9 | 17.4 |
| 1989 | 2,191.0 | 394.9 | 18.0 | 139.1 | 49.0 | 189.0 | 37.1 | 19.6 |
| 1990 ⁵ | 2,411.8 | 440.3 | 18.3 | 220.9 | 45.4 | 202.4 | 40.2 | 19.9 |
| 1991 | 2,689.3 | 477.3 | 17.7 | 277.5 | 37.0 | 214.8 | 41.3 | 19.2 |
| 1992 | 3,000.1 | 535.2 | 17.8 | 310.8 | 57.9 | 214.5 | 39.3 | 18.3 |
| 1993 | 3,248.8 | 591.3 | 18.2 | 247.4 | 56.1 | 210.2 | 39.0 | 18.6 |
| 1994 | 3,433.4 | 655.8 | 19.1 | 184.7 | 64.5 | 210.6 | 41.9 | 19.9 |
| 1995 ⁵ | 3,604.8 | 800.4 | 22.2 | 171.3 | 144.6 | 239.2 | 54.5 | 22.8 |
| 1996 | 3,734.5 | 978.1 | 26.2 | 129.7 | 177.7 | 246.6 | 63.7 | 25.8 |
| 1997 | 3,772.8 | 1,218.2 | 32.3 | 38.3 | 240.0 | 250.8 | 84.2 | 33.6 |
| 1998 | 3,721.6 | 1,216.9 | 32.7 | -51.2 | -1.2 | 250.0 | 91.3 | 36.5 |
| 1999 | 3,632.9 | 1,281.3 | 35.3 | -88.7 | 57.1 | 234.9 | 92.7 | 39.5 |

¹ Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. The data on foreign holdings are not recorded by methods that are strictly comparable with the data on debt held by the public. Projections are not available.

² Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.

³ Estimated as interest on the public debt less "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for interest on public debt received by other Government accounts (revolving funds and special funds).

⁴ Estimated by Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.

⁵ Benchmark revisions reduced the estimated foreign holdings of Federal debt as of December 1978; increased the estimated foreign holdings as of December 1984 and December 1989; and reduced the estimated holdings as of December 1994. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the "borrowing" from foreign residents in 1979, 1985, 1989, and 1995 reflects the benchmark revision as well as the net purchases of Federal debt securities.

than the direct marketing of these securities to foreign residents. At the end of fiscal year 1999 foreign holdings of Treasury debt were \$1,281.3 billion, which was 35 percent of the total debt held by the public.¹⁵ Foreign central banks owned 43 percent of the Federal debt held by foreign residents; private investors owned nearly all the rest. All the Federal debt held by foreign residents is denominated in dollars.

Although the amount of Federal debt held by foreign residents grew greatly over this period, the proportion they own, after growing abruptly in the very early 1970s, did not change much again until about 1995. During 1995–97, however, foreign holdings increased on average by about \$200 billion each year, considerably more than total Federal borrowing from the public.¹⁶ As a result, the Federal debt held by individuals and institutions within the United States decreased in absolute amount during those years, and the percentage of Federal debt held by foreign residents grew from 19 percent at the end of 1994 to 32 percent at the end of 1997. The rapid growth of foreign debt holdings ceased in 1998 and turned into a slight decline, almost the only year with a decrease since 1970. In 1999, the debt held by foreigners increased again. Because total debt held by the public decreased in 1998 and 1999, the percentage held by foreigners continued to rise in both years.

Foreign holdings of Federal debt are about one-fifth of the foreign-owned assets in the United States. The foreign purchases of Federal debt securities do not measure the full impact of the capital inflow from abroad on the market for Federal debt securities. The capital inflow supplies additional funds to the credit market generally, and thus affects the market for Federal debt. For example, the capital inflow includes deposits in U.S. financial intermediaries that themselves buy Federal debt.

¹⁵The amounts of debt reported by the Bureau of Economic Analysis, Department of Commerce, are different, but similar in size, due to a different method of valuing the securities.

¹⁶Table 12–6 shows foreign holdings increasing by only \$144.6 billion in 1995. However, as explained in footnote 5 to that table, a benchmark revision reduced the estimated holdings as of December 1994 (by \$47.9 billion). Because debt estimates were not revised retroactively, the increase in 1995 was more than the table shows. Before the benchmark revision, the increase was estimated to be \$192.6 billion.

Federal, Federally Guaranteed, and Other Federally Assisted Borrowing

The effect of the Government on borrowing in the credit market arises not only from its own borrowing to finance Federal operations but also from its assistance to certain borrowing by the public. The Government guarantees borrowing by private and other non-Federal lenders, which is another term for guaranteed lending. In addition to its guarantees, it has established private corporations called “Government-sponsored enterprises,” or GSEs, to provide financial intermediation for specified public purposes; it exempts the interest on most State and local government debt from income tax; and it insures the deposits of banks and thrift institutions, which themselves make loans.

Federal credit programs and other forms of assistance are discussed in chapter 8, “Credit and Insurance.” Detailed data are presented in tables at the end of that chapter. Table 12–7 brings together the totals of Federal and federally guaranteed borrowing and lending and shows the trends since 1965 in terms of both dollar amounts and, more significantly, as percentages of total credit market borrowing or lending by domestic non-financial sectors. The Federal and federally guaranteed lending is recorded at the principal amount. It does not measure the degree of subsidy provided by the credit assistance, nor does it indicate the extent to which the credit assistance changed the allocation of financial and real resources. Tables 8–11 and 8–12 in chapter 8 summarize GSE borrowing and lending.

Table 12–7 shows that the participation rate for Federal and federally guaranteed borrowing trended strongly upward from the 1960s to the early 1990s, though with cyclical variation. The trend was dominated by Federal borrowing to finance the growing deficit. Federally guaranteed borrowing, though much larger in absolute terms in 1990 than 1965, was smaller as a percentage of total new borrowing in the credit market. The participation rate has declined sharply since the early 1990s due to the budget surplus and was a negative amount in 1999. These results do not reflect the credit assistance that the Federal Government provides by other means.

Table 12-7. FEDERAL AND FEDERALLY GUARANTEED PARTICIPATION IN THE CREDIT MARKET

(Dollar amounts in billions)

| | Actual | | | | | | | | | | | Estimate | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|----------|--------|
| | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 1996 | 1997 | 1998 | 1999 | 1999 | 2000 |
| Total net borrowing in credit market ¹ | 66.8 | 88.2 | 169.6 | 336.9 | 829.3 | 704.1 | 720.4 | 727.1 | 713.5 | 975.3 | 1,091.4 | ..... | ..... |
| Federal borrowing from the public | 3.9 | 3.5 | 51.0 | 71.6 | 200.3 | 220.9 | 171.3 | 129.7 | 38.3 | -51.2 | -88.7 | -157.1 | -170.9 |
| Guaranteed borrowing | 5.0 | 7.8 | 8.6 | 31.6 | 21.6 | 40.7 | 26.2 | 89.9 | 57.8 | 58.5 | 60.8 | 93.6 | 94.9 |
| Total, Federal and federally guaranteed borrowing | 8.9 | 11.3 | 59.6 | 103.2 | 221.9 | 261.6 | 197.5 | 219.6 | 96.1 | 7.3 | -27.9 | -63.5 | -76.0 |
| Borrowing participation rate (percent) | 13.3 | 12.8 | 35.1 | 30.6 | 26.8 | 37.2 | 27.4 | 30.2 | 13.5 | 0.7 | -2.6 | ..... | ..... |
| Total net lending in credit market ¹ | 66.8 | 88.2 | 169.6 | 336.9 | 829.3 | 704.1 | 720.4 | 727.1 | 713.5 | 975.3 | 1,091.4 | ..... | ..... |
| Direct loans | 2.0 | 3.0 | 12.7 | 24.2 | 28.0 | 2.8 | 1.6 | 4.0 | 12.8 | 6.8 | 13.4 | 14.1 | 9.9 |
| Guaranteed loans | 5.0 | 7.8 | 8.6 | 31.6 | 21.6 | 40.7 | 26.2 | 89.9 | 57.8 | 58.5 | 60.8 | 93.6 | 94.9 |
| Total, Federal and federally guaranteed lending | 7.0 | 10.8 | 21.3 | 55.8 | 49.6 | 43.5 | 27.8 | 93.9 | 70.6 | 65.3 | 74.2 | 107.7 | 104.8 |
| Lending participation rate (percent) | 10.5 | 12.2 | 12.6 | 16.6 | 6.0 | 6.2 | 3.9 | 12.9 | 9.9 | 6.7 | 6.8 | ..... | ..... |

¹Total net borrowing (or lending) in credit market by domestic nonfinancial sectors, excluding equities. Credit market borrowing (lending) is the acquisition (loan) of funds other than equities through formal credit channels. Financial sectors are omitted from the series used in this table to avoid double counting, because financial intermediaries borrow in the credit market primarily to finance lending in the credit market. Equities, trade credit, security credit, and other sources of funds are also excluded from this series. Source: Federal Reserve Board flow of funds accounts. Projections are not available.

**BUDGET ENFORCEMENT ACT
PREVIEW REPORT**

13. PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA) was enacted as part of the Omnibus Budget Reconciliation Act of 1990. The BEA established, through 1995, annual limits, or “caps,” on discretionary spending, and a pay-as-you-go (PAYGO) requirement that legislation affecting direct spending or receipts not result in a net cost. An across-the-board reduction of non-exempt spending, known as “sequestration,” enforces compliance with these constraints. The BEA has been extended several times, most recently by the Balanced Budget Act of 1997 (BBA), which extended the caps and PAYGO requirements through 2002.

The BEA requires that OMB issue a report on the impact of each piece of enacted legislation. It requires three additional reports throughout the year on the overall status of discretionary and PAYGO legislation. This Preview Report, the first of the three required overall status reports, provides the status of discretionary appropriations and PAYGO legislation based on laws enacted as of the end of the first session of the 106th Congress. In addition, it explains the differences between the OMB and CBO estimates of the discretionary caps. The Consolidated Appropriations Act, 2000, eliminated the PAYGO balances for all years as of January 3, 2000.

The OMB estimates use the economic and technical assumptions underlying the President’s budget submission, as required by the BEA. The OMB Update Report that will be issued in August and the Final Report that will be issued after the end of the Congressional session must also use these economic and technical assumptions. Estimates in the Update Report and the Final Report will only be revised to reflect laws enacted after the Preview Report.

The President’s Budget Proposals and the Budget Process

Changes to the Budget Enforcement Act

Since 1993 when President Clinton took office, one of the Administration’s highest priorities has been to reverse record budget deficits as part of a plan to build the economy and restore prosperity. The passage of the Omnibus Budget and Reconciliation Act of 1993 established a deficit reduction plan and a framework for budget discipline—relying on the BEA—intended to cut the deficit in half in five years. The BBA finished the job and returned the budget to surplus ahead of schedule in 1998.

Budget deficits have been eliminated, but the Administration’s emphasis on BEA budget restraint and discipline will continue, through an extension of caps and PAYGO. The return to budget surplus means that we must consider how the surplus should be allocated to complement BEA restraints. The Administration’s 2001

Budget proposes that the following new framework be the basis for consideration of 2001 and future budgets.

The budget proposes that Social Security be protected and the solvency of the Social Security and Medicare trust funds extended. With enactment of these reforms, as well as the strengthening of Medicare, additional resources would be made available for national needs, including health care initiatives and a tax cut.

Social Security. The Administration proposes a Social Security Solvency Lockbox to ensure that Social Security surpluses are not used for other purposes. The President’s plan will ensure that the off-budget surplus is locked away for Social Security. In addition, the solvency of Social Security would be extended by allocating, beginning in 2011, general funds to Social Security from the on-budget surplus to reflect savings in interest costs resulting from reduction in Federal debt held by the public, and by investing a limited share of the general funds transferred to Social Security in corporate equities to earn a higher return.

Medicare. The framework would provide additional resources to extend the solvency of the Hospital Insurance trust fund by ten years, from 2015 to 2025. In addition, the budget would allocate a portion of the on-budget surplus to a new reserve for catastrophic prescription drug coverage. These reserves would make up a new budget category parallel to the existing on-budget and off-budget categories, the Medicare Solvency debt reduction reserve. Amounts in this category would not be available for spending under the budget resolution or on the PAYGO scorecard. This reserve would be available only for debt reduction, pending its use for Medicare or a catastrophic prescription drug program.

The framework would provide a new prescription drug benefit that would modernize Medicare, increase the efficiency of the overall health care system, and relieve a significant out-of-pocket burden on much of the senior population.

Debt reduction. The Administration’s budget framework reserves the off-budget surplus for Social Security through a lockbox mechanism that ensures that the off-budget surplus is used to reduce publicly-held debt. Transfers of a part of the on-budget surplus for Medicare solvency and the reserve for catastrophic prescription drug coverage will contribute to further reduction in the public debt, as will the remainder of the on-budget surplus. Reducing publicly-held debt reduces future interest costs on that debt. Reducing interest payments creates on-budget resources that can be transferred to Social Security to extend its solvency.

Other Uses of the On-budget Surplus. Once Social Security and Medicare are strengthened and protected, the budget allocates the on-budget surpluses to other

high priority national needs: an expansion of health coverage, the farm safety net, and a tax cut.

Discretionary Caps. Beginning in 2001, the Administration proposes to revise the discretionary caps to reflect the cost of maintaining the operation of the Federal Government at currently enacted levels into the future. The framework provides for raising and extending the discretionary spending caps through 2010, to maintain their viability as a tool for fiscal discipline. The existing highway and transit caps would expire as provided in current law, but there would be a new separate cap for the Lands Legacy initiative. The proposed changes would increase discretionary spending at about the same pace as inflation. The proposals would also reinstate the adjustment included in the original BEA of 1990 for changes in inflation estimates, so that higher-than-expected inflation cannot be used as a reason to abandon the caps in the future. In addition, the Administration proposes a new technical cap adjustment for section 8 housing contract renewals, consistent with the existing BEA adjustment to the discretionary baseline.

Table 1 shows the expansion of discretionary spending enacted over the past three years and the Adminis-

tration's proposals for discretionary spending caps through 2010 necessary to maintain the existing operations of government.

Restoring Budgetary Conventions. The Administration proposes to replace 2001 advance appropriations, where such appropriations departed from budgetary conventions, with full, up-front funding in 2000. This proposal would not affect advance appropriations that were enacted for programmatic reasons, such as the advance appropriations for the Corporation for Public Broadcasting or those funding multi-year construction programs. The Administration is also proposing to reverse a number of obligation delays and timing shifts and thereby restore traditional budgetary treatment of these items.

PAYGO Enforcement. The budget also proposes to extend the PAYGO enforcement system to 2010.

Other Budget Process Tools

The Administration anticipates that Congress will continue its efforts to reform the budget process during the coming months and urges Congress to consider two budget process changes in particular—biennial budg-

Table 13-1. PROPOSED DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Original Balanced Budget Act Limits: | | | | | | | | | | | | | |
| BA | 526,857 | 532,999 | 537,193 | 542,032 | 551,074 | | | | | | | | |
| OL | 553,268 | 559,321 | 564,265 | 564,396 | 560,799 | | | | | | | | |
| Spending Funded by Alternative Mechanisms: | | | | | | | | | | | | | |
| BA | 8,455 | 37,014 | 49,290 | | | | | | | | | | |
| OL | 3,611 | 19,186 | 29,750 | | | | | | | | | | |
| Adjustments for Changes in Concepts and Definitions:¹ | | | | | | | | | | | | | |
| BA | -1,110 | 1,456 | 5,060 | | | | | | | | | | |
| OL | -2,188 | -3,407 | 23,554 | | | | | | | | | | |
| Current Services:² | | | | | | | | | | | | | |
| BA | 534,202 | 571,469 | 591,543 | 606,983 | 625,040 | 640,939 | 657,091 | 673,692 | 690,397 | 709,171 | 727,167 | 745,249 | 763,777 |
| OL | 554,691 | 575,100 | 617,569 | 635,491 | 648,414 | 665,380 | 682,750 | 698,846 | 712,234 | 729,896 | 748,053 | 765,833 | 784,582 |
| Proposed Discretionary Limits By Category: | | | | | | | | | | | | | |
| Other Discretionary: | | | | | | | | | | | | | |
| BA | | | 584,843 | 612,942 | 624,080 | 634,118 | 648,636 | 663,936 | 681,614 | 699,638 | 718,146 | 737,046 | 756,026 |
| OL | | | 573,113 | 593,863 | 614,222 | 628,126 | 677,292 | 697,697 | 707,567 | 721,455 | 741,629 | 759,922 | 778,493 |
| Lands Legacy:³ | | | | | | | | | | | | | |
| BA | | | [727] | 1,400 | 1,400 | 1,416 | 1,451 | 1,484 | 1,522 | 1,560 | 1,599 | 1,641 | 1,684 |
| OL | | | [603] | 1,004 | 1,227 | 1,375 | 1,410 | 1,457 | 1,493 | 1,533 | 1,569 | 1,609 | 1,652 |
| Violent Crime Reduction: | | | | | | | | | | | | | |
| BA | | | 4,500 | | | | | | | | | | |
| OL | | | 6,344 | | | | | | | | | | |
| Highway Category: | | | | | | | | | | | | | |
| BA | | | | | | | | | | | | | |
| OL | | | 24,574 | 26,956 | 27,994 | 27,817 | | | | | | | |
| Mass Transit Category: | | | | | | | | | | | | | |
| BA | | | | | | | | | | | | | |
| OL | | | 4,117 | 4,595 | 5,431 | 5,933 | | | | | | | |
| Total Discretionary: | | | | | | | | | | | | | |
| BA | | | 589,343 | 614,342 | 625,480 | 635,534 | 650,087 | 665,420 | 683,136 | 701,198 | 719,745 | 738,687 | 757,710 |
| OL | | | 608,148 | 626,418 | 648,874 | 663,251 | 678,702 | 699,154 | 709,060 | 722,988 | 743,198 | 761,531 | 780,145 |

¹ This line includes reestimates, the second and third year effects of emergency appropriations, and changes in concepts and definitions that are not included in the original BBA limits, or in the alternative funding mechanisms.

² Enacted program levels are shown for 1998, 1999, and 2000; current services for 2001-2010.

³ This category is proposed for 2001. Amounts shown in 2000 are for comparability purposes only.

eting and expedited rescission authority—for the reasons given below.

Biennial budgeting. Reaching agreement on budget priorities for two years would provide greater predictability and planning certainty to program administrators and beneficiaries. Making appropriations that cover two fiscal years would also permit congressional committees to perform their oversight functions in the off-year with less distraction.

Expedited rescission authority. The Supreme Court has ruled the Line Item Veto Act unconstitutional, thereby eliminating the President's authority to cancel wasteful items in spending bills. However, under the Impoundment Control Act, the President continues to have authority to propose rescissions of spending to the Congress. Some members of Congress have proposed to strengthen this rescission process, requiring the Congress to vote on all rescission items proposed by the President. Such "expedited rescission" authority would be a useful tool for the President and Congress in their efforts to ensure the effective use of taxpayer dollars.

Budgeting for insurance. The Congress has drafted legislation that would reform the way the Government budgets for insurance. Part of this proposal involves budgeting for insurance programs on an accrual basis. The Administration supports the objective, but more time is needed to develop a satisfactory framework for moving to budgeting for insurance on an accrual basis.

Discretionary Sequestration Report

Discretionary programs are funded annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits budget authority and outlays available for discretionary programs each year through 2002. For 2000, the BEA divided discretionary spending into two categories: violent crime reduction spending and all other discretionary spending. For 2001 and 2002, the BEA specified a single category for all discretionary spending. The Transportation Act for the 21st Century (TEA-21) established two additional categories for highway and mass transit outlays for 1999 through 2003.

OMB monitors compliance with the discretionary spending caps throughout the year. Appropriations that cause a breach in the budget authority or outlay caps trigger an across-the-board reduction (sequester) in discretionary spending to eliminate that breach. The BEA, however, does not require that Congress appropriate the full amount available under the discretionary caps.

Adjustments to discretionary caps.—The BEA permits certain adjustments to the discretionary caps. On January 25, 2000, OMB submitted the Final Sequestration Report for 2000. The report describes adjustments permitted by the BEA as of the time the report was issued. The caps resulting from these adjustments are the starting points for this Preview Report. Included in this report are adjustments for changes in concepts and definitions, estimates of emergency spending, and adjustments to the highway and mass transit categories. Table 2 summarizes changes to the caps since 1990. Table 3 shows the adjustments made in this Preview Report.

Table 13-2. HISTORICAL SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

| | | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| TOTAL DISCRETIONARY | | | | | | | | | | | | | |
| Statutory Caps as set in OBRA 1990 and OBRA 1993 | BA | 491.7 | 503.4 | 511.5 | 510.8 | 517.7 | 519.1 | 528.1 | 530.6 | ..... | ..... | ..... | ..... |
| | OL | 514.4 | 524.9 | 534.0 | 534.8 | 540.8 | 547.3 | 547.3 | 547.9 | ..... | ..... | ..... | ..... |
| Adjustments for changes in concepts and definitions | BA | ..... | 7.7 | 8.2 | 8.2 | 8.8 | -0.6 | -0.4 | 3.1 | ..... | ..... | ..... | ..... |
| | OL | ..... | 1.0 | 2.4 | 2.3 | 3.0 | -0.5 | -2.6 | -2.8 | ..... | ..... | ..... | ..... |
| Adjustments for changes in inflation | BA | ..... | -0.5 | -5.1 | -9.5 | -11.8 | 3.0 | 2.6 | ..... | ..... | ..... | ..... | ..... |
| | OL | ..... | -0.3 | -2.5 | -5.8 | -8.8 | 1.8 | 2.3 | 0.9 | ..... | ..... | ..... | ..... |
| Adjustments for credit reestimates, IRS funding, debt forgiveness, IMF, and CDRs | BA | 0.2 | 0.2 | 13.0 | 0.6 | 0.7 | 0.1 | 0.2 | 0.1 | ..... | ..... | ..... | ..... |
| | OL | 0.3 | 0.3 | 0.8 | 0.8 | 0.9 | 0.1 | 0.3 | 0.1 | ..... | ..... | ..... | ..... |
| Adjustments for emergency requirements | BA | 0.9 | 8.3 | 4.6 | 12.2 | 7.7 | 5.1 | 1.6 | ..... | ..... | ..... | ..... | ..... |
| | OL | 1.1 | 1.8 | 5.4 | 9.0 | 10.1 | 6.4 | 5.4 | 1.7 | ..... | ..... | ..... | ..... |
| Adjustment pursuant to Sec. 2003 of P.L. 104-19 ¹ | BA | ..... | ..... | ..... | ..... | -15.0 | -0.1 | -0.1 | ..... | ..... | ..... | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | -1.1 | -3.5 | -2.4 | -1.5 | ..... | ..... | ..... | ..... |
| Adjustments for special allowances: | | | | | | | | | | | | | |
| Discretionary new budget authority | BA | ..... | 3.5 | 2.9 | 2.9 | 2.9 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| | OL | ..... | 1.4 | 2.2 | 2.6 | 2.7 | 1.1 | 0.5 | 0.1 | ..... | ..... | ..... | ..... |
| Outlay allowance | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| | OL | 2.6 | 1.7 | 0.5 | 1.0 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, adjustments excluding Desert Shield/Desert Storm | BA | 1.1 | 19.2 | 23.6 | 14.3 | -6.7 | 7.5 | 4.0 | 3.1 | ..... | ..... | ..... | ..... |
| | OL | 3.9 | 5.9 | 8.8 | 10.0 | 6.8 | 5.5 | 3.7 | -1.5 | ..... | ..... | ..... | ..... |

Table 13–2. HISTORICAL SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS—Continued

(In billions of dollars)

| | | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Adjustments for Operation Desert Shield/Desert Storm | BA | 44.2 | 14.0 | 0.6 | * | * | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| | OL | 33.3 | 14.9 | 7.6 | 2.8 | 1.1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Total adjustments | BA | 45.4 | 33.2 | 24.2 | 14.3 | -6.7 | 7.5 | 4.0 | 3.1 | ..... | ..... | ..... | ..... |
| | OL | 37.2 | 20.8 | 16.4 | 12.8 | 7.8 | 5.5 | 3.7 | -1.5 | ..... | ..... | ..... | ..... |
| Spending limits as of 2/6/97 ² | BA | 537.1 | 536.6 | 535.7 | 525.1 | 511.0 | 526.7 | 532.0 | 533.8 | ..... | ..... | ..... | ..... |
| | OL | 551.6 | 545.7 | 550.4 | 547.6 | 548.6 | 552.7 | 551.0 | 546.4 | ..... | ..... | ..... | ..... |
| Adjustment to reach discretionary spending limits included in the 1997 Bipartisan Budget Agreement | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -6.9 | ..... | ..... | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 6.9 | ..... | ..... | ..... | ..... |
| Statutory Caps as set in 1997 Bipartisan Budget Agreement ³ | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 526.9 | 533.0 | 537.2 | 542.0 | 551.1 |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 553.3 | 559.3 | 564.3 | 564.4 | 560.8 |
| Adjustments for changes in concepts and definitions | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -0.2 | 2.8 | -0.1 | 0.1 |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -0.3 | 0.1 | -0.4 | -0.3 |
| Adjustments for emergency requirements | BA | ..... | ..... | ..... | ..... | ..... | ..... | 7.7 | 5.7 | 31.9 | 29.8 | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | 2.7 | 5.2 | 22.9 | 31.5 | 9.0 | 3.2 |
| Adjustments for CDRs, Arrearages, EITC | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 0.9 | 19.4 | 1.0 | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 0.5 | 1.1 | 0.7 | 0.6 | 0.2 |
| Adjustments for special allowances: Adjustment for rounding | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.1 | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Outlay adjustment | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.2 | ..... | 0.8 | ..... | ..... |
| TEA-21 Adjustment (Net) | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -0.9 | -0.9 | -0.9 | -0.9 |
| | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.1 | 2.6 | 5.2 | 6.7 |
| Final Sequestration Report spending limits³ | BA | 537.1 | 536.6 | 535.7 | 525.1 | 511.0 | 526.7 | 539.7 | 533.5 | 583.2 | 571.0 | 541.0 | 550.3 |
| | OL | 551.6 | 545.7 | 550.4 | 547.6 | 548.6 | 552.7 | 553.7 | 560.2 | 584.1 | 599.9 | 578.8 | 570.6 |

* Less than \$50 million.

** Sec. 8101(a) of P.L. 105–178, the Transportation Equity Act for the 21st Century (TEA–21), which was signed by the President on June 6, 1998, established two new discretionary spending categories: Highway and Mass Transit. Sec. 8101(b) of TEA–21 provided for an offsetting adjustment in the existing discretionary spending limits.

¹ P.L. 104–19, Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-Terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred at Oklahoma City, and Rescissions Act, 1995, was signed into law on July 27, 1995. Section 2003 of that bill directed the Director of OMB to make a downward adjustment in the discretionary spending limits for 1995–1998 by the aggregate estimate by the amount of reductions in new budget authority and outlays for discretionary programs resulting from the provisions of the bill, other than emergencies appropriations.

² Reflects combined General Purpose Discretionary and Violent Crime Reduction Discretionary spending limits.

Table 13-3. PREVIEW REPORT ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

| | | 2000 | 2001 | 2002 |
|--|----|---------|---------|---------|
| VIOLENT CRIME REDUCTION SPENDING | | | | |
| Final Sequestration Report Spending Limits | BA | 4,500 | | |
| | OL | 6,344 | | |
| Adjustments for the Preview Report: | | | | |
| No Adjustments | BA | | | |
| | OL | | | |
| Preview Report Spending Limits | BA | 4,500 | | |
| | OL | 6,344 | | |
| HIGHWAY CATEGORY | | | | |
| Final Sequestration Report Spending Limits | BA | | | |
| | OL | 24,574 | 26,219 | 26,663 |
| Adjustments for the Preview Report: | | | | |
| Technical Outlay Adjustment | BA | | | |
| | OL | | -125 | 8 |
| Adjustment for Revenue Aligned Budget Authority | BA | | | |
| | OL | | 826 | 1,254 |
| Subtotal, Adjustments for the Preview Report | BA | | | |
| | OL | | 701 | 1,262 |
| Preview Report Spending Limits | BA | | | |
| | OL | 24,574 | 26,920 | 27,925 |
| MASS TRANSIT CATEGORY | | | | |
| Final Sequestration Report Spending Limits | BA | | | |
| | OL | 4,117 | 4,888 | 5,384 |
| Adjustments for the Preview Report: | | | | |
| Technical Outlay Adjustment | BA | | | |
| | OL | | -249 | 35 |
| Subtotal, Adjustments for the Preview Report | BA | | | |
| | OL | | -249 | 35 |
| Preview Report Spending Limits | BA | | | |
| | OL | 4,117 | 4,639 | 5,419 |
| OTHER DISCRETIONARY SPENDING | | | | |
| Final Sequestration Report Spending Limits | BA | 563,603 | 541,324 | 550,382 |
| | OL | 564,870 | 547,522 | 537,279 |
| Adjustments for the Preview Report: | | | | |
| Changes in Concepts and Definitions | BA | 2,859 | -59 | -59 |
| | OL | | -59 | -59 |
| Discretionary Changes in Mandatory Programs | BA | | -180 | |
| | OL | | -206 | 1 |
| Contingent Emergency Appropriations Released | BA | 10 | 10 | 10 |
| | OL | 43 | 22 | 10 |
| Subtotal, Adjustments for the Preview Report | BA | 2,869 | -229 | -49 |
| | OL | 43 | -243 | -48 |
| Preview Report Spending Limits | BA | 566,472 | 541,095 | 550,333 |
| | OL | 564,913 | 547,279 | 537,231 |
| Anticipated Other Adjustments: | | | | |
| Adjustment for Repealing FY 2000 Pay Delay | BA | | | |
| | OL | 4,297 | | |
| Adjustment for Repealing FY 2000 Obligation Delays | BA | | | |
| | OL | 1,749 | | |
| Adjustment for Repealing Certain Advance Appropriations | BA | 14,385 | | |
| | OL | | | |
| Kosovo, Plan Colombia, and Other Emergency Supplemental Requests | BA | 3,986 | | |
| | OL | 2,154 | 979 | 309 |

Table 13–3. PREVIEW REPORT ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS—
Continued
(In millions of dollars)

| | | 2000 | 2001 | 2002 |
|---|----|---------|---------|---------|
| Subtotal, Anticipated Other Adjustments | BA | 18,371 | ..... | ..... |
| | OL | 8,200 | 979 | 309 |
| Preview Report Spending Limits, Including Anticipated Adjustments | BA | 584,843 | 541,095 | 550,333 |
| | OL | 573,113 | 548,258 | 537,540 |
| TOTAL DISCRETIONARY SPENDING | | | | |
| Update Report Total Discretionary Spending Limits | BA | 536,271 | 541,324 | 550,382 |
| | OL | 570,945 | 571,047 | 567,019 |
| Final Sequestration Report Spending Limits | BA | 568,103 | 541,324 | 550,382 |
| | OL | 599,905 | 578,629 | 569,326 |
| Preview Report Spending Limits | BA | 570,972 | 541,095 | 550,333 |
| | OL | 599,948 | 578,838 | 570,575 |
| Preview Report Including Anticipated Adjustments | BA | 589,343 | 541,095 | 550,333 |
| | OL | 608,148 | 579,817 | 570,884 |

After consultation with the Congressional Budget Committees and the Congressional Budget Office, OMB has agreed to make two changes to budget scoring and to adjust the discretionary caps accordingly. First, receipts from purchase power and wheeling activities associated with the Department of Energy's Power Marketing Administrations have been reclassified as discretionary. Since these receipts reduce net discretionary budget authority and outlays, the caps are reduced by approximately \$60 million in 2001 and 2002. Second, OMB has changed its scoring of budget authority for contingent emergency appropriations (funding for amounts that the President and the Congress designate as "emergency requirements"), to be consistent with congressional scoring practice. In prior years, OMB waited to score contingent emergency appropriations until the President designated them as "emergency requirements," and then increased the discretionary caps by the budget authority made available and the estimated outlays. Beginning with 2000, OMB will score emergency budget authority in its seven-day cost estimate of the bill. OMB will estimate outlays when the funds are actually released by the President, and will reflect the estimates in the subsequent sequestration report. Table 4 shows the effect of this change on OMB's scoring of the 2000 appropriations acts.

Included in the adjustment for changes in concepts and definitions is a reduction of \$180 million in budget authority and \$206 million in outlays in 2001, for the second year effect of provisions in the 2000 appropriations bills that modified mandatory programs. Under the BEA, the discretionary caps are adjusted by the amount of the savings or costs of these modifications.

The outlay caps have also been increased for contingent emergency appropriations that have been released since the transmittal of the Final Sequestration Report. This adjustment includes funds for the Low Income Home Energy Assistance Program, which will help ad-

dress the needs of Alaska and 10 New England and Mid-Atlantic States experiencing recent increases in home heating fuel costs.

In addition, TEA-21 requires two adjustments to the discretionary outlay caps for the highway and transit categories. The outlay cap for highways has been increased by \$826 million in 2001 because of higher than anticipated receipts in 1999 and higher estimated receipts in 2001. A downward adjustment of \$125 million has also been made to reflect changes in technical assumptions since last year's Preview Report. Adjustments for the same reasons have been made in 2002 and 2003. The mass transit outlay caps have been decreased due to revised technical assumptions. Table 5 shows how the adjustments to the highway and transit categories have been calculated.

In addition to the adjustments outlined above, the Administration has included several proposals in the budget that would result in cap adjustments upon their enactment. They are described below.

Adjustments Included in Proposed Limits That Would be Made Under Existing Authority:

- *Earned Income Tax Credit (EITC) Compliance Initiative.*—The budget contains funding for EITC compliance initiatives, including the detection and enforcement of EITC eligibility rules in order to reduce the number of erroneous EITC claims. Adjustments are limited to the budget authority and outlay estimates authorized in P.L. 105-33. The 2000 Treasury and General Government Appropriations Act provided \$144 million for EITC compliance. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.
- *Continuing Disability Reviews.*—The budget includes funding for additional continuing disability reviews (CDRs) under the heading, "Limitation on Administrative Expenses" for the Social Security

**Table 13-4. ADJUSTMENTS TO SCORING OF FY 2000 APPROPRIATIONS
ACTION FOR CHANGES IN SCORING CONVENTIONS**

(In millions of dollars)

| | BA | Outlays |
|---|---------|---------|
| OTHER DISCRETIONARY | | |
| Total Enacted | 562,045 | 561,407 |
| Change in Treatment of Contingent Emergency Spending ¹ | 2,870 | ..... |
| Total Enacted, Adjusted for Changes in Treatment of Contingent Emergency Spending | 564,915 | 561,407 |
| Final Sequestration Report Other Discretionary Limits ¹ | 566,461 | 563,602 |
| CONGRESSIONAL ACTION OVER/UNDER(-) LIMITS | -1,546 | -2,195 |
| VIOLENT CRIME REDUCTION | | |
| Total Enacted | 4,500 | 6,344 |
| Final Sequestration Report Violent Crime Reduction Limits | 4,500 | 6,344 |
| CONGRESSIONAL ACTION OVER/UNDER(-) LIMITS ..... | ..... | ..... |
| HIGHWAY CATEGORY | | |
| Total Enacted ..... | ..... | 24,574 |
| Final Sequestration Report Highway Category Limits ..... | ..... | 24,574 |
| CONGRESSIONAL ACTION OVER/UNDER(-) LIMITS ..... | ..... | ..... |
| MASS TRANSIT CATEGORY | | |
| Total Enacted ..... | ..... | 4,117 |
| Final Sequestration Report Mass Transit Category Limits ..... | ..... | 4,117 |
| CONGRESSIONAL ACTION OVER/UNDER(-) LIMITS ..... | ..... | ..... |
| TOTAL DISCRETIONARY SPENDING—ALL CATEGORIES | | |
| Total Enacted Discretionary Spending | 569,415 | 596,442 |
| Final Sequestration Report Discretionary Limits | 570,961 | 598,637 |
| CONGRESSIONAL ACTION OVER/UNDER(-) LIMITS | -1,546 | -2,195 |

¹ Beginning with FY 2000 Appropriations Acts, OMB will change its scoring of contingent emergency appropriations. When appropriations acts include contingent emergency funds, OMB will score budget authority with that act. Outlays will be estimated when the funds are actually released by the President, and will be reflected in the next sequestration report. This table shows the effect of scoring, as emergency appropriations, the remaining unreleased FY 2000 contingent emergency appropriations.

Administration. The law limits adjustments to the budget authority and outlay estimates authorized in the BBA of 1997. CDRs are conducted to verify that recipients of Social Security disability insurance benefits and Supplemental Security Income benefits for persons with disabilities are still disabled. The Labor, Health and Human Services, Education, and Related Agencies Appropriations Act for 2000 provided \$405 million for CDRs. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.

- *Adoption Incentive Payments.*—The Adoption and Safe Families Act of 1997 authorizes bonus payments to States that increase the number of adoptions from the foster care system. It provides for a discretionary cap adjustment for appropriations up to \$20 million annually in each of the years 1999 through 2003. It is assumed that the cost

of adoption bonuses will be offset by reductions in mandatory foster care costs. Funding for these payments in 2001 through 2010 is included in the proposed caps in Table 1.

- *Contingent Emergency Appropriations.*—The budget requests over \$3 billion in emergency appropriations for several programs that provide assistance to the victims of natural disasters, manage wildland fires, and provide assistance to States with low-income populations who are adversely affected by large increases in home heating/cooling costs. In addition, the budget includes \$4 billion in emergency supplemental requests to support peacekeeping activities in Kosovo, anti-drug activities in Colombia, and for disaster relief. These amounts are included in the proposed caps in Table 1.

Comparison of OMB and CBO discretionary caps.—Section 254(d)(5) of the BEA requires this report to explain the differences between the OMB and CBO estimates of the discretionary spending caps. CBO uses the discretionary caps included in OMB's Final Seques-

tration Report as the starting point for the adjustments it publishes in its Preview Report. OMB submitted its Final Sequestration Report on January 25th, and CBO did not have time to make its adjustments before OMB's Preview Report went to print.

Table 13–5. ADJUSTMENTS TO THE HIGHWAY AND MASS TRANSIT CATEGORIES FOR CHANGES IN RECEIPTS AND TECHNICAL ASSUMPTIONS

(In millions of dollars)

| | 2001 | 2002 | 2003 |
|--|---------------|---------------|---------------|
| HIGHWAY CATEGORY | | | |
| Obligation Limitations Assumed in FY 2000 Preview Report | 27,158 | 27,767 | 28,233 |
| Adjustments: | | | |
| Difference Between Current and Previous Estimate of FY 2001 Highway Tax Receipts | 1,196 | | |
| Difference Between FY 1999 Actual and Estimated Highway Tax Receipts | 1,862 | | |
| Subtotal, Obligation Limitation Adjustment | 3,058 | | |
| FY 2001 Preview Report Obligation Limitation | 30,216 | 27,767 | 28,233 |
| Outlay Limits in FY 2000 Preview Report | 26,219 | 26,663 | 27,043 |
| Adjustments: | | | |
| Increase in FY 2001 Obligation Limitation | 826 | 1,254 | 489 |
| Change in Technical Assumptions: | | | |
| Reestimate of Outlays from Obligation Limitation, Using Current Technical Assumptions | 26,920 | 27,925 | 27,621 |
| FY 2000 Preview Report Outlays from Obligation Level, Adjusted to Include Outlays from change in Obligation Limitation | 27,045 | 27,917 | 27,532 |
| Adjustment for Changes in Technical Assumptions | -125 | 8 | 89 |
| Total Adjustments | 701 | 1,262 | 578 |
| Outlay Limits in FY 2001 Preview Report | 26,920 | 27,925 | 27,621 |
| MASS TRANSIT CATEGORY | | | |
| Outlay Limits in FY 2000 Preview Report | 4,888 | 5,384 | 6,124 |
| Adjustment: | | | |
| Change in Technical Assumptions: | | | |
| Reestimate of Outlays from Obligation Limitation, Using Current Technical Assumptions | 4,639 | 5,419 | 5,910 |
| FY 2000 Preview Report Outlays | 4,888 | 5,384 | 6,124 |
| Adjustment for Changes in Technical Assumptions | -249 | 35 | -214 |
| Total Adjustment | -249 | 35 | -214 |
| Outlay Limits in FY 2001 Preview Report | 4,639 | 5,419 | 5,910 |

Table 13-6. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS

(In millions of dollars)

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|---------|---------|---------|---------|---------|
| Non-Defense Discretionary | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | 256,148 | 290,562 | N/A | N/A | N/A |
| OL | 286,325 | 277,097 | N/A | N/A | N/A |
| OMB Final Sequestration Report limits: | | | | | |
| BA | 256,148 | 290,562 | N/A | N/A | N/A |
| OL | 286,325 | 277,097 | N/A | N/A | N/A |
| Difference: | | | | | |
| BA | | | N/A | N/A | N/A |
| OL | | | N/A | N/A | N/A |
| Defense Discretionary | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | 271,832 | 286,850 | N/A | N/A | N/A |
| OL | 269,079 | 275,732 | N/A | N/A | N/A |
| OMB Final Sequestration Report limits: | | | | | |
| BA | 271,832 | 286,850 | N/A | N/A | N/A |
| OL | 269,079 | 275,732 | N/A | N/A | N/A |
| Difference: | | | | | |
| BA | | | N/A | N/A | N/A |
| OL | | | N/A | N/A | N/A |
| Violent Crime Reduction | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | 5,500 | 5,800 | 4,500 | N/A | N/A |
| OL | 4,833 | 4,953 | 6,344 | N/A | N/A |
| OMB Final Sequestration Report limits: | | | | | |
| BA | 5,500 | 5,800 | 4,500 | N/A | N/A |
| OL | 4,833 | 4,953 | 6,344 | N/A | N/A |
| Difference: | | | | | |
| BA | | | | N/A | N/A |
| OL | | | | N/A | N/A |
| Highway Category | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | N/A | | | | |
| OL | N/A | 21,991 | 24,574 | 26,219 | 26,663 |
| OMB Final Sequestration Report limits: | | | | | |
| BA | N/A | | | | |
| OL | N/A | 21,991 | 24,574 | 26,920 | 27,925 |
| Difference: | | | | | |
| BA | N/A | | | | |
| OL | N/A | | | 701 | 1,262 |
| Mass Transit Category | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | N/A | | | | |
| OL | N/A | 4,401 | 4,117 | 4,888 | 5,384 |
| OMB Final Sequestration Report limits: | | | | | |
| BA | N/A | | | | |
| OL | N/A | 4,401 | 4,117 | 4,639 | 5,419 |
| Difference: | | | | | |
| BA | N/A | | | | |
| OL | N/A | | | -249 | 35 |
| Other Discretionary | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | N/A | N/A | 563,602 | 541,324 | 550,382 |
| OL | N/A | N/A | 564,870 | 547,522 | 537,279 |
| OMB Final Sequestration Report limits: | | | | | |
| BA | N/A | N/A | 566,472 | 541,095 | 550,333 |
| OL | N/A | N/A | 564,913 | 547,279 | 537,231 |

Table 13–6. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS—Continued
(In millions of dollars)

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|---------|---------|---------|---------|---------|
| Difference: | | | | | |
| BA | N/A | N/A | 2,870 | -229 | -49 |
| OL | N/A | N/A | 43 | -243 | -48 |
| Total Discretionary Spending Limits | | | | | |
| CBO Final Sequestration Report limits: | | | | | |
| BA | 533,480 | 583,212 | 568,102 | 541,324 | 550,382 |
| OL | 560,237 | 584,174 | 599,905 | 578,629 | 569,326 |
| OMB Final Sequestration Report limits: | | | | | |
| BA | 533,480 | 583,212 | 570,972 | 541,095 | 550,333 |
| OL | 560,237 | 584,174 | 599,948 | 578,838 | 570,575 |
| Difference: | | | | | |
| BA | | | 2,870 | -229 | -49 |
| OL | | | 43 | 209 | 1,249 |

PAYGO Sequestration Report

This section of the Preview Report discusses the enforcement procedures that apply to direct spending and receipts. The BEA defines direct spending as entitlement authority, the food stamp program, and budget authority provided by law other than in appropriations acts. The following are exempt from PAYGO enforcement: Social Security, the Postal Service, legislation specifically designated as an emergency requirement, and legislation fully funding the Federal Government's commitment to protect insured deposits.

The BEA requires that any legislation enacted before October 1, 2002, affecting direct spending or receipts that results in a net cost will trigger an offsetting sequestration.

Sequester determinations. The BEA requires OMB to submit a report to Congress estimating the change in outlays or receipts for the current year, the budget year, and the following four fiscal years resulting from enactment of PAYGO legislation. The estimates, which must rely on the economic and technical assumptions underlying the most recent President's budget, determine whether the PAYGO requirement is met. The PAYGO process requires OMB to maintain a "scorecard" that shows the cumulative deficit impact of such legislation. This Report shows how these past actions affect the upcoming fiscal year.

Table 7 shows the OMB PAYGO scorecard as of January 4, 2000. The Consolidated Appropriations Act set the scorecard to zero for all years as of January 3, 2000.

Table 13–7. PAY-AS-YOU-GO SCORECARD

(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | Total 2001–2004 |
|---|------|------|------|------|------|--------------------|
| Pay-as-you-go scorecard as of January 4, 2000:¹ | | | | | | |
| Revenue impact of enacted legislation | 0 | 0 | 0 | 0 | 0 | 0 |
| Outlay impact of enacted legislation | 0 | 0 | 0 | 0 | 0 | 0 |
| Total deficit impact of enacted legislation | 0 | 0 | 0 | 0 | 0 | 0 |

¹The Consolidated Appropriations Act set the scorecard to zero for all years on January 3, 2000.

CURRENT SERVICES ESTIMATES

14. CURRENT SERVICES ESTIMATES

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

The current services baseline can be useful for several reasons: It warns of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs. It provides a starting point for formulating the annual budget. It is a “policy-neutral” benchmark against which the President’s budget and other budget proposals can be compared to see the magnitude of the proposed changes. Under the Budget Enforcement Act (BEA), it is the basis for determining the amount that would be sequestered from each mandatory account and the level of funding that would be available after sequestration. The following table shows current services estimates of receipts, outlays, and surpluses for 1999 through 2005. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service

Fund are added to the on-budget receipts and outlays to calculate the unified budget totals. The table also shows the current services estimates by major component.

Conceptual Basis for Estimates

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

Direct spending and receipts.—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally obligated to make payments under certain conditions. Receipts and direct spending are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the tax rates or benefit levels that must be collected or paid, and who must pay or who is eligible to receive benefits. The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. In most cases, that is what will occur without enactment of new legislation.

Table 14-1. CURRENT SERVICES ESTIMATES, 1999-2005

(In billions of dollars)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Receipts | 1,827.5 | 1,955.7 | 2,009.9 | 2,079.6 | 2,151.3 | 2,238.2 | 2,350.1 |
| Outlays: | | | | | | | |
| Discretionary: | | | | | | | |
| Defense | 275.5 | 284.8 | 295.2 | 300.5 | 309.9 | 318.4 | 326.3 |
| Nondefense | 299.5 | 324.3 | 340.3 | 347.9 | 355.5 | 364.4 | 372.6 |
| Subtotal, discretionary | 575.0 | 609.1 | 635.5 | 648.4 | 665.4 | 682.8 | 698.8 |
| Mandatory: | | | | | | | |
| Social security | 387.0 | 403.3 | 422.2 | 443.0 | 465.3 | 489.7 | 516.2 |
| Medicare | 187.7 | 199.5 | 218.3 | 223.7 | 241.9 | 255.4 | 277.5 |
| Medicaid | 108.0 | 116.1 | 124.2 | 134.0 | 144.9 | 156.6 | 169.8 |
| All other | 215.6 | 228.2 | 230.6 | 235.0 | 252.2 | 264.9 | 279.4 |
| Subtotal, mandatory | 898.3 | 947.1 | 995.2 | 1,035.6 | 1,104.3 | 1,166.6 | 1,242.9 |
| Net interest | 229.7 | 220.0 | 208.1 | 198.5 | 188.6 | 176.0 | 160.9 |
| Total, outlays | 1,703.0 | 1,776.2 | 1,838.8 | 1,882.5 | 1,958.2 | 2,025.3 | 2,102.6 |
| Surplus | 124.4 | 179.5 | 171.2 | 197.0 | 193.1 | 212.9 | 247.4 |
| On-budget | 0.7 | 31.7 | 11.1 | 24.5 | 8.4 | 17.9 | 33.4 |
| Off-budget | 123.7 | 147.8 | 160.0 | 172.5 | 184.7 | 195.0 | 214.0 |

Provisions of law providing spending authority and the authority to collect taxes or other receipts that expire under current law are usually assumed to expire as scheduled in the current services baseline. However, the current services baseline assumes extension of two types of authority that, in fact, normally are extended in some form by Congress. First, expiring provisions affecting excise taxes dedicated to a trust fund are assumed to be extended at current rates. During the projection period of 2000 through 2005, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, are the only taxes affected by this exception. Second, direct spending programs that will expire under current law are assumed to be extended if their 1999 outlays exceed \$50 million. However, programs enacted after the enactment of the Balanced Budget Act of 1997 that are explicitly temporary in nature can expire in the baseline even if their current year outlays exceed \$50 million. The budgetary impact of anticipated regulations and administrative actions that are permissible under current law are also reflected in the estimates.

Discretionary spending.—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, the definition of current services for discretionary programs is somewhat arbitrary. The definition used here is that, for 2000, the current services estimates for discretionary programs are equal to the enacted 2000 appropriations. For 2001 through 2005, funding is equal to the 2000 level adjusted for inflation.

Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's budget, which are based on enactment of the President's budget proposals. The economy and the budget interact. Changes in economic conditions significantly alter the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment. Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's budget. However, this would diminish the value of current services estimates as a benchmark for measuring proposed policy changes, because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic assumptions. By using the same economic assumptions for current services and the President's budget, this potential source of confusion is eliminated. The economic assumptions underlying both the budget and the current service estimates are summarized in Table 14–2. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 1 of this volume.

Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. Assumptions on baseline caseload pro-

Table 14–2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|-------|-------|--------|--------|--------|--------|--------|
| Gross Domestic Product (GDP): | | | | | | | |
| Levels, dollar amounts in billions: | | | | | | | |
| Current dollars | 9,115 | 9,572 | 10,041 | 10,502 | 10,983 | 11,502 | 12,084 |
| Real, chained (1996) dollars | 8,768 | 9,077 | 9,334 | 9,570 | 9,810 | 10,072 | 10,374 |
| Percent change, year over year: | | | | | | | |
| Current dollars | 5.5 | 5.0 | 4.9 | 4.6 | 4.6 | 4.7 | 5.1 |
| Real, chained (1996) dollars | 4.1 | 3.5 | 2.8 | 2.5 | 2.5 | 2.7 | 3.0 |
| Inflation measures (percent change, year/year): | | | | | | | |
| GDP chained price index | 1.3 | 1.5 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer price index (all urban) | 1.9 | 2.6 | 2.4 | 2.5 | 2.6 | 2.6 | 2.6 |
| Unemployment rate, civilian (percent) | 4.3 | 4.2 | 4.4 | 4.9 | 5.2 | 5.2 | 5.2 |
| Interest rates (percent): | | | | | | | |
| 91-day Treasury bills | 4.5 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 | 5.2 |
| 10-year Treasury notes | 5.3 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 | 6.1 |
| MEMORANDUM | | | | | | | |
| Related programmatic assumptions: | | | | | | | |
| Automatic benefit increases (percent): | | | | | | | |
| Social security and veterans pensions | 1.3 | 2.4 | 2.5 | 2.5 | 2.6 | 2.6 | 2.6 |
| Federal employee retirement | 1.3 | 2.4 | 2.5 | 2.5 | 2.6 | 2.6 | 2.6 |
| Food stamps | 2.5 | 1.8 | 2.9 | 2.4 | 2.5 | 2.6 | 2.6 |
| Insured unemployment rate | 1.8 | 1.8 | 1.9 | 2.1 | 2.2 | 2.2 | 2.2 |

jections for the major benefit programs are shown in Table 14–3. Assumptions about various automatic cost-of-living-adjustments are shown in Table 14–2.

It is also necessary to make assumptions about the continuation of expiring programs and provisions. Under the BEA, expiring excise taxes dedicated to a trust fund are extended at current rates. In general, mandatory programs with current year spending of at least \$50 million are also assumed to continue. All discretionary programs with enacted appropriations in the current year are assumed to continue. However, specific provisions of law that affect mandatory programs (but are not necessary for program operation) are allowed to expire as scheduled. For example, a savings proposal enacted in the Balanced Budget Act that limits, through 2002, veterans' pension benefit payments for medicaid-eligible beneficiaries in nursing homes is allowed to expire. After 2002, these benefits will increase under current law and are reflected at this higher level

in the baseline. Table 14–4 provides a listing of mandatory programs and taxes assumed to continue in the baseline after their expiration. These extensions have no effect on 2001 current services estimates. Over the period 2001 through 2005, they add \$161.8 billion to current services outlays and \$0.1 billion to current services receipts.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection period, the use of administrative discretion provided under current law, and other assumptions about the way programs operate. Table 14–4 lists many of these assumptions and their impact on the baseline estimates. It is not intended to be an exhaustive listing; the variety and complexity of Government programs are too great to provide a complete list. Instead, some of the more important assumptions are shown.

Table 14–3. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS

(Annual average, in thousands)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|--------|--------|--------|--------|--------|--------|--------|
| Federal family education loans | 3,494 | 3,687 | 3,838 | 4,010 | 4,194 | 4,387 | 4,590 |
| Federal direct student loans | 2,320 | 1,919 | 1,997 | 2,087 | 2,182 | 2,282 | 2,388 |
| Foster care and adoption assistance | 499 | 549 | 598 | 649 | 702 | 756 | 816 |
| Medicaid/State Children's Health Insurance Program | 33,945 | 35,425 | 36,271 | 37,201 | 37,982 | 38,222 | 38,467 |
| Medicare: | | | | | | | |
| Hospital Insurance | 38,844 | 39,261 | 39,702 | 40,156 | 40,665 | 41,223 | 41,818 |
| Supplementary Medical Insurance | 36,932 | 37,280 | 37,651 | 38,009 | 38,423 | 38,890 | 39,380 |
| Railroad retirement | 704 | 684 | 663 | 642 | 622 | 604 | 586 |
| Federal civil service retirement | 2,369 | 2,372 | 2,382 | 2,391 | 2,407 | 2,434 | 2,459 |
| Military retirement | 1,927 | 1,946 | 1,961 | 1,974 | 1,985 | 1,995 | 2,003 |
| Unemployment insurance | 7,230 | 7,280 | 7,800 | 8,540 | 8,910 | 8,910 | 8,930 |
| Food stamps | 18,188 | 18,057 | 18,799 | 19,141 | 19,541 | 19,687 | 19,766 |
| Child nutrition | 29,492 | 30,843 | 30,591 | 31,050 | 31,458 | 31,779 | 32,098 |
| Supplemental security income (SSI): | | | | | | | |
| Aged | 1,218 | 1,199 | 1,177 | 1,157 | 1,139 | 1,123 | 1,109 |
| Blind/Disabled | 5,092 | 5,169 | 5,264 | 5,361 | 5,454 | 5,541 | 5,622 |
| Subtotal, SSI | 6,310 | 6,368 | 6,441 | 6,518 | 6,593 | 6,664 | 6,731 |
| Child care and development fund ¹ | 1,750 | 1,917 | 2,074 | 2,134 | 2,148 | 2,150 | 2,110 |
| Social security (OASDI): | | | | | | | |
| Old age and survivors insurance | 37,891 | 38,169 | 38,487 | 38,835 | 39,170 | 39,537 | 39,990 |
| Disability insurance | 6,382 | 6,591 | 6,826 | 7,079 | 7,360 | 7,678 | 8,015 |
| Veterans compensation | 2,590 | 2,594 | 2,587 | 2,580 | 2,573 | 2,566 | 2,559 |
| Veterans pensions | 664 | 639 | 616 | 596 | 581 | 567 | 555 |

¹ Includes mandatory child care entitlement to States, discretionary Child Care and Development Block Grant, and TANF transfers.

Table 14-4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE

(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|---------|---------|---------|
| REGULATIONS¹ | | | | | | |
| Old age and survivors insurance (OASI) and disability insurance (DI): | | | | | | |
| Increase in collected overpayments | 94 | 24 | 12 | 6 | 3 | 2 |
| Medicare, HI: | | | | | | |
| Balanced Budget Refinement Act (BBRA) Codifying Regulations | 810 | 2,675 | 2,210 | 1,019 | 665 | 477 |
| Balanced Budget Act (BBA) 1997 Codifying Regulations | -31,270 | -41,680 | -49,460 | -56,135 | -62,905 | -68,620 |
| Medicare, SMI: | | | | | | |
| BBRA Codifying Regulations | 395 | 3,943 | 2,992 | 1,624 | 468 | 210 |
| BBRA Administrative Clarification Codifying Regulations | 410 | 800 | 930 | 1,150 | 1,510 | 1,790 |
| BBA 1997 Codifying Regulations | 2,560 | 4,865 | 8,430 | 11,675 | 11,760 | 11,965 |
| Medicare, HI and SMI: | | | | | | |
| Salary equivalency guidelines for therapists | -20 | | | | | |
| Identification of potential organ, tissue, and eye donors | 75 | 115 | 160 | 200 | 240 | |
| OASIS Home Health | 10 | | | | | |
| Medicare Disproportionate Share (DSH) Adjustment Calculation | 270 | 370 | 380 | 430 | 450 | 510 |
| Medicaid: | | | | | | |
| BBRA Codifying Regulations | 39 | 375 | 279 | 158 | 114 | 99 |
| BBA 1997 Codifying Regulations | -107 | -660 | -1,071 | -1,628 | -1,825 | -1,985 |
| SSI childhood disability standard to implement welfare reform (Medicaid effect) | -125 | -125 | -135 | -150 | | |
| Removal of the 100 hour limitation on employment ² | 85 | 140 | 160 | 175 | 190 | 210 |
| Medicare and Medicaid: | | | | | | |
| Net Medicaid and Medicare effects of upcoming SSA regulation on the substantial gainful activity earnings threshold | -39 | -9 | -11 | -13 | -19 | |
| Supplemental security income (SSI): | | | | | | |
| Net effect of upcoming regulations | 2 | 2 | 3 | 3 | 4 | 4 |
| Food stamps: | | | | | | |
| Application of inaccessible assets rule to vehicles | | 60 | 125 | 130 | 135 | 140 |
| State option for counting ineligible aliens' income | | 2 | 7 | 7 | 7 | 7 |
| Anticipating income and change reporting | | 22 | 39 | 62 | 65 | 73 |
| Environmental Protection Agency: | | | | | | |
| Tolerance fee rule | | -27 | -30 | -10 | | |
| Department of Interior: | | | | | | |
| Oil valuation royalty rule | -32 | -64 | -64 | -64 | -64 | -64 |
| EXPIRING AUTHORIZATIONS | | | | | | |
| Provisions extended in the baseline (effect of extension): | | | | | | |
| Spending: | | | | | | |
| Child care entitlement to States | | | | 2,717 | 2,717 | 2,717 |
| Child nutrition: | | | | | | |
| Summer food service program | | | | | 418 | 454 |
| State administrative expenses | | | | | 144 | 150 |
| CCC commodity program assistance | | | | 10,146 | 9,154 | 8,083 |
| Compact of free association | | | | | 140 | 140 |
| Food stamps: | | | | | | |
| Benefit costs | | | | 19,164 | 19,948 | 20,681 |
| State administrative expenses | | | | 2,174 | 2,239 | 2,306 |
| Employment and training | | | | 336 | 340 | 345 |
| Other program costs | | | | 43 | 43 | 43 |
| Nutrition assistance for Puerto Rico | | | | 1,335 | 1,335 | 1,335 |
| Food donations on Indian reservations | | | | 78 | 80 | 81 |
| The emergency food assistance program commodities | | | | 100 | 100 | 100 |
| Fund for Rural America | | | | | 60 | 60 |
| Promoting safe and stable families | | | 52 | 238 | 290 | 299 |
| Temporary assistance for needy families (TANF): | | | | | | |
| State family assistance grants (SFAG) | | | | 16,489 | 16,489 | 16,489 |
| SFAG to territories | | | | 78 | 78 | 78 |
| Bonus to reward high performance States | | | | | 200 | 200 |
| Bonus to reward decrease in illegitimacy | | | | 100 | 100 | 100 |
| Tribal work program | | | | 8 | 8 | 8 |
| Trade adjustment assistance | | | 267 | 303 | 329 | 338 |
| Revenues: | | | | | | |
| Taxes deposited in Leaking Underground Storage Tank trust fund | | | | | | 114 |
| Provisions not extended in the baseline (effect of extension): | | | | | | |
| Spending: | | | | | | |
| Civil service retirement: | | | | | | |
| Increased non-Postal agency contributions for employees of 1.51 percent | | | | -294 | -346 | -298 |
| Customs user fees: | | | | | | |
| Coveyance and passenger fees | | | | | -424 | -465 |

Table 14-4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|--------|---------|---------|---------|---------|---------|
| Merchandise processing fees | | | | | -1,036 | -1,059 |
| Medicare, HI: | | | | | | |
| Reduction in PPS Capital Payments (BBA Section 4402) | | | | -180 | -220 | -230 |
| Reduction in PPS Capital Payments (BBA Section 4412) | | | | -130 | -150 | -160 |
| Medicare, SMI: | | | | | | |
| Medicare low income premium assistance | | | | 80 | 90 | 100 |
| Medicaid: | | | | | | |
| Transition benefits | | | 350 | 350 | 400 | 450 |
| Emergency services for undocumented aliens | | | 25 | 25 | 25 | 25 |
| VA pensions/nursing home provision | | | | 400 | 400 | 400 |
| NAFTA transitional trade adjustment assistance | | | 34 | 62 | 70 | 72 |
| Veterans compensation: rounding down of monthly benefits to the nearest dollar after COLA applied | | | | -14 | -33 | -52 |
| Veterans pensions: | | | | | | |
| Authority to limit benefits to Medicaid-eligible beneficiaries in nursing homes (gross savings) | | | | -499 | -504 | -514 |
| Authority to verify income of beneficiaries with the IRS | | | | -6 | | |
| Veterans housing: Authority to collect higher loan fees and reduce resale losses | | | | -168 | -167 | -176 |
| Revenues: | | | | | | |
| Civil service retirement: | | | | | | |
| Increased employee contributions of 0.5 percent | | | | 497 | 676 | 694 |
| Abandoned mine reclamation fee | | | | | | 290 |
| OTHER IMPORTANT PROGRAM ASSUMPTIONS | | | | | | |
| Child support enforcement (CSE): | | | | | | |
| Effect of hold harmless payments to States | 11 | 11 | 10 | | | |
| Effect of enhanced automated system matching rates | 29 | 22 | 5 | | | |
| Alternative penalty for Family Support Act systems requirements | 107 | 102 | 12 | | | |
| Increased Federal costs due to increased incentive payments and reinvestment requirement | 19 | 24 | 45 | 46 | 45 | 45 |
| Food stamps: | | | | | | |
| Tax offset, recoupment, and general claims collection | -102 | -102 | -102 | -102 | -102 | -102 |
| Quality control liabilities ³ | -67 | -68 | -72 | -75 | -81 | -84 |
| Allocation of administrative costs between public assistance programs | 206 | 206 | 206 | 206 | 206 | 206 |
| State incentive payments | 39 | 49 | 54 | 55 | 56 | 58 |
| Non-employment and training costs of BBA changes to work requirement for able-bodied adults without dependents | 44 | 49 | 50 | 52 | 53 | 54 |
| Administrative actions to promote employment and training program | 5 | 20 | 21 | 21 | 22 | 22 |
| Medicare: Medicare Integrity Program (MIP) ⁴ | -9,875 | -10,660 | -10,970 | -11,290 | -11,290 | -11,290 |
| Medicaid: | | | | | | |
| Home and Community Care for the Frail Elderly (Section 1929) | 90 | 100 | 110 | 120 | 130 | 140 |
| Financial management recoveries | -128 | -136 | -146 | -158 | -171 | -185 |
| Vaccines for Children, total program costs | 465 | 469 | 453 | 449 | 417 | 423 |
| Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ⁵ | -415 | -800 | -1,650 | -1,885 | | |
| Allocation of administrative costs between public assistance programs | 31 | 33 | 35 | 38 | 41 | 44 |
| 48 Hour Maternity Stay | 20 | 20 | 20 | 20 | 20 | 20 |
| Impact of year 2000 computer changes | 80 | | | | | |
| Adoption Assistance Bill of 1997 | 2 | 2 | 2 | 2 | 2 | 3 |
| State children's health insurance program outlays included in Medicaid | 700 | 700 | 800 | 1,000 | 1,000 | 1,100 |
| SSI change in effective date for benefits (Medicaid effect) | 10 | 10 | 15 | 15 | 15 | 15 |
| Increase in inpatient and outpatient rates for IHS facilities | 30 | 30 | 30 | 30 | 30 | 30 |
| HHS Inspector General: Audit and Investigative Recoveries | -770 | -840 | -980 | -1,050 | -1,050 | |
| State children's health insurance program (Title XXI) | 1,300 | 1,905 | 2,505 | 3,000 | 3,100 | 3,100 |
| Approved Demonstrations: ⁶ | | | | | | |
| Medicare, HI: | | | | | | |
| Home Health Prospective Payment: | | | | | | |
| Costs | 245 | | | | | |
| Replacement Benefits | 245 | | | | | |
| Medicare, SMI: | | | | | | |
| Competitive Bidding for Durable Medical Equipment: | | | | | | |
| Costs | 6 | 18 | 18 | | | |
| Replacement Benefits | 6 | 18 | 18 | | | |
| Telemedicine: | | | | | | |
| Costs | 1 | 1 | | | | |
| Replacement Benefits | 1 | 1 | | | | |
| Municipal Health: | | | | | | |
| Costs | 20 | 2 | | | | |
| Replacement Benefits | 9 | 1 | | | | |
| United Mine Workers capitation: | | | | | | |
| Costs | 408 | 375 | 345 | 317 | | |
| Replacement Benefits | 416 | 382 | 351 | 323 | | |

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|-------|-------|-------|-------|-------|-------|
| Medicare, HI and SMI: | | | | | | |
| Competitive Pricing for HMOs | | | | | | |
| Costs | 2,400 | 4,650 | 3,660 | 2,425 | ..... | ..... |
| Replacement Benefits | 2,400 | 4,650 | 3,660 | 2,425 | ..... | ..... |
| Choices: | | | | | | |
| Costs | 510 | 565 | 283 | ..... | ..... | ..... |
| Replacement Benefits | 560 | 621 | 311 | ..... | ..... | ..... |
| Community Nursing Organization (CNO): | | | | | | |
| Costs | 7 | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits | 7 | ..... | ..... | ..... | ..... | ..... |
| Evercare: | | | | | | |
| Costs | 140 | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits | 140 | ..... | ..... | ..... | ..... | ..... |
| End State Renal Disease Managed Care: | | | | | | |
| Costs | 50 | 29 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 50 | 29 | ..... | ..... | ..... | ..... |
| Monroe County (NY) Long Term Care: | | | | | | |
| Costs | 5 | 4 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 5 | 4 | ..... | ..... | ..... | ..... |
| New York Graduate Medical Education: | | | | | | |
| Costs | 464 | 500 | 502 | 481 | ..... | ..... |
| Replacement Benefits | 522 | 562 | 602 | 589 | ..... | ..... |
| Medicare Lifestyle Modification Program ⁷ | | | | | | |
| Costs ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Provider Partnership | | | | | | |
| Costs | 412 | 411 | 103 | ..... | ..... | ..... |
| Replacement Benefits | 412 | 411 | 103 | ..... | ..... | ..... |
| Rochester—CCN (dual eligibles): | | | | | | |
| Costs | 35 | 56 | 81 | 118 | 94 | ..... |
| Replacement Benefits | 35 | 56 | 81 | 118 | 94 | ..... |
| Medicaid: | | | | | | |
| Arizona Health Care Cost Containment System: | | | | | | |
| Costs | 1,471 | 1,618 | 1,780 | ..... | ..... | ..... |
| Replacement Benefits | 1,471 | 1,618 | 1,780 | ..... | ..... | ..... |
| Arkansas (ARKids First): | | | | | | |
| Costs | 47 | 49 | 51 | ..... | ..... | ..... |
| Replacement Benefits | 47 | 49 | 51 | ..... | ..... | ..... |
| Arkansas Family Planning Services: | | | | | | |
| Costs | 12 | 13 | 13 | 13 | ..... | ..... |
| Replacement Benefits | 12 | 13 | 13 | 13 | ..... | ..... |
| California Family Plan | | | | | | |
| Costs | 189 | 193 | 196 | 199 | ..... | ..... |
| Replacement Benefits | 189 | 193 | 196 | 199 | ..... | ..... |
| Colorado Integrated Care and Financing: | | | | | | |
| Costs ..... | * | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits ..... | * | ..... | ..... | ..... | ..... | ..... |
| Delaware Statewide: | | | | | | |
| Costs | 105 | 105 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 105 | 105 | ..... | ..... | ..... | ..... |
| Florida Family Planning | | | | | | |
| Costs | 23 | 23 | 21 | ..... | ..... | ..... |
| Replacement Benefits | 23 | 23 | 21 | ..... | ..... | ..... |
| Hawaii Health QUEST: | | | | | | |
| Costs | 257 | 283 | 311 | ..... | ..... | ..... |
| Replacement Benefits | 257 | 283 | 311 | ..... | ..... | ..... |
| Kentucky (amended version): | | | | | | |
| Costs | 2,101 | 2,290 | 2,496 | ..... | ..... | ..... |
| Replacement Benefits | 2,101 | 2,290 | 2,496 | ..... | ..... | ..... |
| LA County: | | | | | | |
| Costs | 2,375 | 2,541 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 2,375 | 2,541 | ..... | ..... | ..... | ..... |
| Maryland: | | | | | | |
| Costs | 948 | 1,021 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 948 | 1,021 | ..... | ..... | ..... | ..... |
| Maryland Family Planning | | | | | | |
| Costs | 20 | 25 | 31 | 39 | ..... | ..... |
| Replacement Benefits | 20 | 25 | 31 | 39 | ..... | ..... |

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued
(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|--------|--------|--------|--------|--------|--------|
| Massachusetts Statewide: | | | | | | |
| Costs | 1,803 | 1,918 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 1,803 | 1,918 | ..... | ..... | ..... | ..... |
| Minnesota Statewide: | | | | | | |
| Costs | 1,338 | 1,437 | 1,542 | ..... | ..... | ..... |
| Replacement Benefits | 1,338 | 1,437 | 1,542 | ..... | ..... | ..... |
| New York (Partnership Plan): | | | | | | |
| Costs | 9,291 | 10,509 | 11,726 | ..... | ..... | ..... |
| Replacement Benefits | 9,291 | 10,509 | 11,726 | ..... | ..... | ..... |
| Oklahoma Statewide: | | | | | | |
| Costs | 841 | 900 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 841 | 900 | ..... | ..... | ..... | ..... |
| OhioCare: | | | | | | |
| Costs | 2,123 | 2,287 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 2,123 | 2,287 | ..... | ..... | ..... | ..... |
| Oregon Family Planning | | | | | | |
| Costs | 74 | 70 | 70 | 70 | ..... | ..... |
| Replacement Benefits | 74 | 70 | 70 | 70 | ..... | ..... |
| Oregon Health Plan: | | | | | | |
| Costs | 505 | 545 | 186 | ..... | ..... | ..... |
| Replacement Benefits | 505 | 545 | 186 | ..... | ..... | ..... |
| Rhode Island Rite Care (including costs of amendments): | | | | | | |
| Costs | 70 | 70 | 70 | ..... | ..... | ..... |
| Replacement Benefits | 70 | 70 | 70 | ..... | ..... | ..... |
| SC Family Planning: | | | | | | |
| Costs | 8 | 9 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 8 | 9 | ..... | ..... | ..... | ..... |
| TennCare: | | | | | | |
| Costs | 3,071 | 3,227 | 3,392 | ..... | ..... | ..... |
| Replacement Benefits | 3,071 | 3,227 | 3,392 | ..... | ..... | ..... |
| Vermont: | | | | | | |
| Costs | 151 | 151 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 151 | 151 | ..... | ..... | ..... | ..... |
| Cash and counseling: ⁸ | | | | | | |
| Costs ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Welfare Reform: | | | | | | |
| Costs | 74 | 72 | 70 | ..... | ..... | ..... |
| Replacement Benefits | 74 | 72 | 70 | ..... | ..... | ..... |
| Medicare and Medicaid: | | | | | | |
| S/HMOs—Medicare: | | | | | | |
| Costs | 819 | 205 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 819 | 205 | ..... | ..... | ..... | ..... |
| S/HMOs—Medicaid: | | | | | | |
| Costs | 83 | 20 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 83 | 20 | ..... | ..... | ..... | ..... |
| S/HMO II—Medicare: | | | | | | |
| Costs | 1,612 | 403 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 1,213 | 403 | ..... | ..... | ..... | ..... |
| S/HMO II—Medicaid: | | | | | | |
| Costs | 324 | 84 | ..... | ..... | ..... | ..... |
| Replacement Benefits | 324 | 84 | ..... | ..... | ..... | ..... |
| Minnesota Long Term Care Options—Medicare: | | | | | | |
| Costs | 112 | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits | 112 | ..... | ..... | ..... | ..... | ..... |
| Minnesota Long Term Care Options—Medicaid: | | | | | | |
| Costs | 84 | ..... | ..... | ..... | ..... | ..... |
| Replacement Benefits | 84 | ..... | ..... | ..... | ..... | ..... |
| Wisconsin Badger Care | | | | | | |
| Costs | 16 | 24 | 25 | 24 | 17 | ..... |
| Replacement Benefits | 16 | 24 | 25 | 24 | 17 | ..... |
| Wisconsin—Dual Eligibles: | | | | | | |
| Costs | 41 | 50 | 55 | 57 | ..... | ..... |
| Replacement Benefits | 41 | 50 | 55 | 57 | ..... | ..... |
| OASI, DI, SSI: | | | | | | |
| Expansion of tax refund offset to debts previously written off (OASI, SSI) | -10 | -10 | -10 | -10 | -10 | -10 |
| Performance of continuing disability reviews (baseline levels) (DI, SSI) | -1,065 | -1,570 | -2,035 | -2,435 | -2,795 | -3,290 |
| Collection of overpayments: | | | | | | |
| OASI | -992 | -981 | -976 | -973 | -971 | -971 |

Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued

(In millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|--------|--------|--------|--------|--------|--------|
| DI | -300 | -335 | -353 | -361 | -366 | -368 |
| SSI | -705 | -783 | -822 | -842 | -851 | -856 |
| Debts written off as uncollectable (no effect on outlays): | | | | | | |
| OASI | 95 | 94 | 93 | 92 | 91 | 90 |
| DI | 243 | 272 | 287 | 294 | 297 | 299 |
| SSI | 564 | 526 | 488 | 450 | 412 | 374 |
| DI: | | | | | | |
| Payments to states for vocational rehabilitation | 79 | 86 | 89 | 91 | 91 | 91 |
| Limitation on prisoner's benefits | -12 | -13 | -14 | -14 | -14 | -14 |
| OASI: limitation on prisoner's benefits | -6 | -7 | -8 | -8 | -8 | -8 |
| SSI: | | | | | | |
| Payments from states for state supplemental benefits | -3,310 | -3,410 | -3,515 | -3,625 | -3,735 | -3,880 |
| Payments for state supplemental benefits | 3,310 | 3,410 | 3,515 | 3,625 | 3,735 | 3,880 |
| Fees for administration of State supplement: | | | | | | |
| Treasury share | 148 | 150 | 152 | 153 | 155 | 157 |
| SSA share | 80 | 91 | 103 | 110 | 116 | 123 |
| Research and demonstration projects | 31 | 25 | 26 | 26 | 26 | 26 |
| Payments to states for vocational rehabilitation | 92 | 71 | 71 | 71 | 71 | 71 |
| Performance of non-disability redeterminations | -269 | -213 | -26 | -16 | -10 | -8 |
| Change in timing of October, 2000 payment | -2,190 | 2,190 | ..... | ..... | ..... | ..... |
| Change in effective date of benefits | -130 | -135 | -140 | -140 | -145 | -145 |
| Veterans compensation: | | | | | | |
| Change in timing of October, 2000 payment | -1,800 | 1,800 | ..... | ..... | ..... | ..... |

* \$500,000 or less.

¹ Not shown in the table are Medicare and Medicaid regulations that have not been specifically priced.² The effects of regulations on automated lab testing and ambulance services will be used as offsets to the costs of the Medicaid rule removing the 100 hour limitation on employment.³ Collections may not equal liabilities.⁴ These amounts reflect gross MIP savings that are not offset with MIP costs.⁵ Includes savings from immigrant benefits restrictions. BBA97 and P.L. 105–306 included costs for restoring benefits to some of these immigrants.⁶ Estimates for demonstrations reflect total federal costs of the demonstration project. Replacement benefits represent the program costs in the absence of the demonstration. The differences represent the net impact of the demonstration project on the baseline. DoD Medicare Subvention demonstration is reflected under BBA97 codifying regulations.⁷ The costs and benefits of this demonstration have not been estimated.⁸ Budget neutrality controlled through experimental design.

Current Services Receipts, Outlays, and Budget Authority

Receipts.—Table 14–5 shows baseline receipts by major source. Total receipts are projected to increase by \$54.2 billion from 2000 to 2001 and by \$340.1 billion from 2001 to 2005, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$26.3 billion from 2000 to 2001 under current law. This growth of 2.8 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 4.0 percent between 2001 and 2005.

Corporation income taxes under current law are estimated to decline by \$2.7 billion or 1.4 percent from 2000 to 2001, in large part due to lower corporate profits. Because of projected annual reductions in corporate profits through 2003, corporation income taxes are projected to increase at an annual rate of only 2.0 percent from 2001 to 2005.

Social insurance and retirement receipts are estimated to increase by \$32.5 billion between 2000 and 2001, and by an additional \$131.2 billion between 2001 and 2005. The estimates reflect assumed increases in

total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$76,200 in 2000 to \$93,900 in 2005.

Excise taxes are estimated to increase by \$8.7 billion from 2000 to 2005, in large part due to increased economic activity. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$18.1 billion from 2000 to 2005.

Outlays.—Current services outlays are estimated to be \$1,776.2 billion in 2000 and \$1,838.8 billion in 2001, a 3.5 percent increase. Between 2000 and 2005, they are projected to increase at an average annual rate of 3.4 percent. Outlays for discretionary programs increase from \$609.1 billion in 2000 to \$635.5 billion in 2001, largely reflecting increases in resources to keep pace with inflation. Again reflecting increases in resources to keep pace with inflation, outlays continue to increase each year thereafter, reaching \$698.8 billion in 2005. Entitlement and other mandatory programs are estimated to grow from \$947.1 billion in 2000 to \$995.2 billion in 2001, and to \$1,242.9 billion in 2005, due in large part to changes in the number of beneficiaries and to automatic cost-of-living adjustments and other adjustments for inflation. Social security outlays grow from \$403.3 billion in 2000 to \$516.2 billion in

2005, an average annual rate of 5.1 percent. Medicare and medicaid are projected to grow at annual average rates of 7.9 and 6.8 percent, respectively, outpacing inflation. Unemployment compensation also grows substantially over the projection period. Offsetting growth in other areas, mandatory agriculture spending, totaling \$26.1 billion in 2000, declines rapidly and is only \$6.6 billion in 2005.

Net interest payments to the public are estimated to decline over the projection period from \$220.0 billion in 2000 to \$160.9 billion in 2005, reflecting reduced borrowing by the Government resulting from projected surpluses over the period.

Tables 14–7 and 14–8 show current services outlays by function and by agency, respectively. A more detailed presentation of outlays (by function, subfunction, and program) appears at the end of this chapter.

Budget authority.—Tables 14–9 and 14–10 show current services estimates of budget authority by function and by agency, respectively.

Current Services Outlays and Budget Authority by Function and Program.—Tables 14–11 and 14–12 present current services budget authority and outlays, respectively, in function order, with category and program level detail.

Table 14-5. BASELINE RECEIPTS BY SOURCE

(In billions of dollars)

| | 1999 Actual | Estimates | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Individual income taxes | 879.5 | 951.9 | 978.2 | 1,005.7 | 1,040.2 | 1,086.0 | 1,143.1 |
| Corporation income taxes | 184.7 | 192.3 | 189.6 | 190.2 | 191.8 | 196.1 | 205.1 |
| Social insurance and retirement receipts | 611.8 | 650.0 | 682.5 | 712.8 | 741.8 | 771.3 | 813.7 |
| On-budget | (167.4) | (173.3) | (186.6) | (190.6) | (197.6) | (204.7) | (215.2) |
| Off-budget | (444.5) | (476.8) | (499.9) | (522.2) | (544.2) | (566.7) | (598.6) |
| Excise taxes | 70.4 | 67.6 | 69.4 | 71.3 | 72.7 | 74.3 | 76.2 |
| Other | 81.0 | 93.9 | 90.2 | 99.6 | 104.7 | 110.4 | 111.9 |
| Total | 1,827.5 | 1,955.7 | 2,009.9 | 2,079.6 | 2,151.3 | 2,238.2 | 2,350.1 |
| On-budget | (1,383.0) | (1,478.9) | (1,510.1) | (1,557.3) | (1,607.1) | (1,671.6) | (1,751.5) |
| Off-budget | (444.5) | (476.8) | (499.9) | (522.2) | (544.2) | (566.7) | (598.6) |

Table 14-6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

| | 2000 | 2001 | 2005 | Change 2000 to 2001 | | Change 2000 to 2005 | |
|--|----------------|----------------|----------------|---------------------|--------------|---------------------|---------------------|
| | | | | Amount | Percent | Amount | Annual average rate |
| | | | | | | | |
| Discretionary: | | | | | | | |
| Defense | 284.6 | 295.2 | 326.3 | 10.3 | 3.6% | 41.5 | 2.8% |
| Nondefense | 324.3 | 340.3 | 372.6 | 16.0 | 4.9% | 48.3 | 2.8% |
| Subtotal, discretionary | 609.1 | 635.5 | 698.8 | 26.4 | 4.3% | 89.7 | 2.8% |
| Mandatory: | | | | | | | |
| Agriculture | 26.1 | 14.3 | 6.6 | -11.8 | -45.4% | -19.5 | -24.0% |
| Medicaid | 116.1 | 124.2 | 169.8 | 8.1 | 6.9% | 53.6 | 7.9% |
| Medicare | 199.5 | 218.3 | 277.5 | 18.8 | 9.4% | 78.0 | 6.8% |
| Federal employee retirement and disability | 77.6 | 80.8 | 96.0 | 3.2 | 4.1% | 18.4 | 4.3% |
| Unemployment compensation | 21.8 | 24.6 | 34.4 | 2.8 | 12.9% | 12.6 | 9.5% |
| Social security | 403.3 | 422.2 | 516.2 | 18.8 | 4.7% | 112.9 | 5.1% |
| Undistributed offsetting receipts | -43.1 | -45.7 | -48.6 | -2.7 | 6.2% | -5.5 | 2.5% |
| Other | 145.8 | 156.7 | 191.0 | 10.9 | 7.5% | 45.3 | 5.6% |
| Subtotal, mandatory | 947.1 | 995.2 | 1,242.9 | 48.1 | 5.1% | 295.8 | 5.6% |
| Net interest | 220.0 | 208.1 | 160.9 | -11.9 | -5.4% | -59.1 | -6.1% |
| Total, outlays | 1,776.2 | 1,838.8 | 2,102.6 | 62.5 | 3.5% | 326.4 | 3.4% |

Table 14-7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

| Function | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| National defense: | | | | | | | |
| Department of Defense—Military | 261.4 | 271.2 | 280.9 | 285.8 | 294.9 | 303.3 | 310.9 |
| Other | 13.5 | 13.1 | 13.4 | 13.8 | 14.2 | 14.5 | 14.7 |
| Total, National defense | 274.9 | 284.3 | 294.3 | 299.6 | 309.1 | 317.7 | 325.6 |
| International affairs | 15.2 | 16.5 | 18.6 | 18.4 | 19.0 | 19.4 | 19.9 |
| General science, space, and technology | 18.1 | 18.8 | 19.4 | 19.8 | 20.1 | 20.7 | 21.1 |
| Energy | 0.9 | -1.7 | -0.5 | -0.6 | -0.3 | -0.6 | -0.4 |
| Natural resources and environment | 24.0 | 24.4 | 24.8 | 25.6 | 26.5 | 27.2 | 27.7 |
| Agriculture | 23.0 | 31.3 | 18.9 | 14.5 | 14.5 | 12.6 | 11.7 |
| Commerce and housing credit | 2.6 | 5.6 | 6.3 | 6.4 | 6.3 | 6.8 | 7.6 |
| On-Budget | (1.6) | (4.1) | (5.8) | (5.2) | (6.1) | (6.6) | (7.9) |
| Off-Budget | (1.0) | (1.5) | (0.4) | (1.3) | (0.2) | (0.1) | (-0.3) |
| Transportation | 42.5 | 46.7 | 48.2 | 49.8 | 51.4 | 53.3 | 54.8 |
| Community and regional development | 11.9 | 11.1 | 10.1 | 9.9 | 9.3 | 9.4 | 8.9 |
| Education, training, employment, and social services | 56.4 | 63.3 | 69.4 | 69.9 | 72.5 | 74.1 | 76.2 |
| Health | 141.1 | 154.0 | 166.0 | 178.7 | 191.4 | 205.0 | 220.0 |
| Medicare | 190.4 | 202.5 | 221.4 | 227.0 | 245.3 | 259.0 | 281.1 |
| Income security | 237.7 | 249.1 | 260.5 | 273.8 | 286.1 | 297.3 | 310.3 |
| Social security | 390.0 | 406.6 | 425.6 | 446.5 | 468.8 | 493.3 | 519.9 |
| On-Budget | (10.8) | (11.7) | (9.8) | (11.5) | (12.1) | (12.8) | (13.7) |
| Off-Budget | (379.2) | (394.9) | (415.7) | (435.0) | (456.7) | (480.4) | (506.2) |
| Veterans benefits and services | 43.2 | 45.0 | 48.0 | 49.3 | 51.7 | 53.7 | 57.5 |
| Administration of justice | 25.9 | 26.8 | 30.9 | 29.7 | 29.9 | 31.6 | 32.5 |
| General government | 15.8 | 15.0 | 14.7 | 14.9 | 15.3 | 15.8 | 15.8 |
| Net interest | 229.7 | 220.0 | 208.1 | 198.5 | 188.6 | 176.0 | 160.9 |
| On-Budget | (281.8) | (279.6) | (276.2) | (276.1) | (276.5) | (274.9) | (271.4) |
| Off-Budget | (-52.1) | (-59.7) | (-68.1) | (-77.6) | (-87.9) | (-98.8) | (-110.5) |
| Undistributed offsetting receipts: | | | | | | | |
| Employer share, employee retirement (on-budget) | -28.2 | -29.6 | -30.3 | -31.3 | -32.0 | -33.1 | -34.3 |
| Employer share, employee retirement (off-budget) | -7.4 | -7.9 | -8.2 | -8.9 | -9.5 | -10.1 | -10.9 |
| Rents and royalties on the Outer Continental Shelf | -3.1 | -3.6 | -3.7 | -3.3 | -3.0 | -2.9 | -2.7 |
| Sale of major assets | | | | | -0.3 | | |
| Other undistributed offsetting receipts | -1.8 | -2.1 | -3.6 | -5.5 | -2.5 | -0.8 | -0.7 |
| Total, Undistributed offsetting receipts | -40.4 | -43.1 | -45.7 | -49.1 | -47.3 | -46.9 | -48.6 |
| On-Budget | (-33.1) | (-35.2) | (-37.5) | (-40.2) | (-37.8) | (-36.8) | (-37.7) |
| Off-Budget | (-7.4) | (-7.9) | (-8.2) | (-8.9) | (-9.5) | (-10.1) | (-10.9) |
| Total | 1,703.0 | 1,776.2 | 1,838.8 | 1,882.5 | 1,958.2 | 2,025.3 | 2,102.6 |
| On-Budget | (1,382.3) | (1,447.3) | (1,498.9) | (1,532.8) | (1,598.7) | (1,653.7) | (1,718.1) |
| Off-Budget | (320.8) | (328.9) | (339.8) | (349.7) | (359.5) | (371.6) | (384.5) |

Table 14-8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

| Agency | 1999 Actual | Estimate | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Legislative Branch | 2.6 | 3.2 | 2.9 | 3.0 | 2.9 | 3.0 | 3.2 |
| Judicial Branch | 3.8 | 4.4 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 |
| Agriculture | 62.8 | 70.4 | 60.9 | 58.6 | 60.5 | 60.4 | 61.2 |
| Commerce | 5.0 | 8.1 | 8.3 | 8.9 | 9.4 | 9.6 | 9.8 |
| Defense—Military | 261.4 | 271.2 | 280.9 | 285.8 | 294.9 | 303.3 | 310.9 |
| Education | 32.4 | 36.4 | 40.2 | 41.0 | 42.9 | 43.4 | 44.4 |
| Energy | 16.0 | 15.2 | 15.7 | 16.0 | 16.4 | 16.6 | 17.1 |
| Health and Human Services | 359.7 | 386.8 | 419.7 | 439.5 | 471.9 | 500.1 | 538.0 |
| Housing and Urban Development | 32.7 | 30.0 | 32.3 | 30.2 | 30.6 | 30.8 | 30.4 |
| Interior | 7.8 | 8.4 | 8.2 | 8.4 | 8.8 | 9.0 | 9.2 |
| Justice | 18.3 | 18.5 | 22.6 | 21.3 | 21.3 | 21.3 | 21.9 |
| Labor | 32.5 | 34.1 | 37.5 | 40.7 | 44.2 | 45.7 | 47.2 |
| State | 6.5 | 8.0 | 7.8 | 7.5 | 7.4 | 7.5 | 7.7 |
| Transportation | 41.8 | 45.9 | 47.6 | 49.5 | 50.8 | 52.6 | 54.1 |
| Treasury | 386.7 | 387.9 | 388.4 | 391.5 | 395.8 | 399.9 | 400.1 |
| Veterans Affairs | 43.2 | 44.9 | 48.0 | 49.3 | 51.7 | 53.6 | 57.4 |
| Corps of Engineers | 4.2 | 4.5 | 4.2 | 4.3 | 4.5 | 4.5 | 4.6 |
| Other Defense Civil Programs | 32.0 | 33.0 | 34.0 | 34.9 | 35.9 | 36.9 | 38.0 |
| Environmental Protection Agency | 6.8 | 7.0 | 7.3 | 7.4 | 7.7 | 7.9 | 8.1 |
| Executive Office of the President | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Federal Emergency Management Agency | 4.0 | 3.2 | 2.2 | 2.0 | 1.3 | 1.1 | 0.6 |
| General Services Administration | —* | 0.5 | 0.3 | 0.1 | 0.4 | 0.3 | 0.2 |
| International Assistance Programs | 10.1 | 10.4 | 12.3 | 12.3 | 12.9 | 13.2 | 13.5 |
| National Aeronautics and Space Administration | 13.7 | 13.4 | 13.8 | 14.1 | 14.2 | 14.7 | 15.1 |
| National Science Foundation | 3.3 | 3.6 | 3.8 | 3.9 | 4.1 | 4.2 | 4.2 |
| Office of Personnel Management | 47.5 | 49.4 | 51.9 | 54.7 | 57.7 | 61.5 | 65.4 |
| Small Business Administration | 0.1 | 0.1 | 0.6 | 0.5 | 0.8 | 0.9 | 0.9 |
| Social Security Administration | 419.8 | 437.3 | 457.5 | 479.7 | 503.3 | 529.2 | 559.8 |
| On-Budget | (40.6) | (42.3) | (41.8) | (44.7) | (46.6) | (48.8) | (53.6) |
| Off-Budget | (379.2) | (394.9) | (415.7) | (435.0) | (456.7) | (480.4) | (506.2) |
| Other Independent Agencies | 7.1 | 14.0 | 14.3 | 16.2 | 16.2 | 17.1 | 18.6 |
| On-Budget | (6.1) | (12.5) | (13.8) | (15.0) | (16.0) | (17.0) | (18.9) |
| Off-Budget | (1.0) | (1.5) | (0.4) | (1.3) | (0.2) | (0.1) | (-0.3) |
| Undistributed Offsetting Receipts | -159.1 | -174.0 | -188.9 | -203.5 | -214.8 | -227.9 | -243.9 |
| On-Budget | (-99.6) | (-106.5) | (-112.6) | (-116.9) | (-117.4) | (-119.0) | (-122.5) |
| Off-Budget | (-59.5) | (-67.5) | (-76.4) | (-86.5) | (-97.4) | (-109.0) | (-121.4) |
| Total | 1,703.0 | 1,776.2 | 1,838.8 | 1,882.5 | 1,958.2 | 2,025.3 | 2,102.6 |
| On-Budget | (1,382.3) | (1,447.3) | (1,498.9) | (1,532.8) | (1,598.7) | (1,653.7) | (1,718.1) |
| Off-Budget | (320.8) | (328.9) | (339.8) | (349.7) | (359.5) | (371.6) | (384.5) |

* \$50 million or less.

Table 14-9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

| Function | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| National defense: | | | | | | | |
| Department of Defense—Military | 278.4 | 277.7 | 286.6 | 293.9 | 301.1 | 308.7 | 316.4 |
| Other | 13.7 | 13.3 | 13.6 | 13.9 | 14.2 | 14.5 | 14.8 |
| Total, National defense | 292.1 | 291.0 | 300.2 | 307.9 | 315.3 | 323.2 | 331.2 |
| International affairs | 37.9 | 19.0 | 21.6 | 22.5 | 23.1 | 23.6 | 24.2 |
| General science, space, and technology | 18.9 | 19.3 | 19.7 | 20.4 | 20.8 | 21.1 | 21.5 |
| Energy | 1.0 | -1.8 | -0.6 | -0.5 | -0.3 | -0.7 | -0.4 |
| Natural resources and environment | 24.4 | 24.2 | 25.4 | 26.1 | 26.9 | 27.5 | 28.2 |
| Agriculture | 24.1 | 31.2 | 18.9 | 14.7 | 13.9 | 12.7 | 11.9 |
| Commerce and housing credit | 14.4 | 10.1 | 14.9 | 10.2 | 9.8 | 9.2 | 9.8 |
| On-Budget | (8.7) | (4.6) | (13.3) | (8.7) | (9.5) | (10.0) | (10.1) |
| Off-Budget | (5.6) | (5.5) | (1.6) | (1.5) | (0.3) | (-0.8) | (-0.3) |
| Transportation | 51.6 | 51.8 | 55.1 | 53.0 | 54.4 | 54.8 | 55.3 |
| Community and regional development | 11.3 | 11.2 | 11.4 | 13.3 | 12.1 | 12.8 | 12.6 |
| Education, training, employment, and social services | 60.4 | 55.7 | 69.9 | 70.9 | 73.7 | 75.5 | 77.9 |
| Health | 142.2 | 158.6 | 169.6 | 179.8 | 192.3 | 205.7 | 221.6 |
| Medicare | 190.6 | 206.3 | 221.1 | 227.0 | 245.6 | 258.7 | 281.2 |
| Income security | 238.6 | 241.5 | 260.9 | 276.4 | 288.7 | 299.3 | 312.4 |
| Social security | 391.1 | 408.0 | 427.1 | 448.1 | 470.7 | 495.4 | 522.2 |
| On-Budget | (10.8) | (11.7) | (9.8) | (11.5) | (12.1) | (12.8) | (13.7) |
| Off-Budget | (380.3) | (396.3) | (417.3) | (436.6) | (458.6) | (482.6) | (508.5) |
| Veterans benefits and services | 44.2 | 45.6 | 47.6 | 49.4 | 51.9 | 53.8 | 55.8 |
| Administration of justice | 27.4 | 27.4 | 28.9 | 28.9 | 29.7 | 31.9 | 32.8 |
| General government | 17.1 | 14.0 | 14.4 | 14.8 | 15.2 | 15.6 | 16.0 |
| Net interest | 229.7 | 220.0 | 208.1 | 198.5 | 188.6 | 176.0 | 160.9 |
| On-Budget | (281.8) | (279.6) | (276.2) | (276.1) | (276.5) | (274.9) | (271.4) |
| Off-Budget | (-52.1) | (-59.7) | (-68.1) | (-77.6) | (-87.9) | (-98.8) | (-110.5) |
| Undistributed offsetting receipts: | | | | | | | |
| Employer share, employee retirement (on-budget) | -28.2 | -29.6 | -30.3 | -31.3 | -32.0 | -33.1 | -34.3 |
| Employer share, employee retirement (off-budget) | -7.4 | -7.9 | -8.2 | -8.9 | -9.5 | -10.1 | -10.9 |
| Rents and royalties on the Outer Continental Shelf | -3.1 | -3.6 | -3.7 | -3.3 | -3.0 | -2.9 | -2.7 |
| Sale of major assets | | | | | -0.3 | | |
| Other undistributed offsetting receipts | -1.8 | -2.1 | -3.6 | -5.5 | -2.5 | -0.8 | -0.7 |
| Total, Undistributed offsetting receipts | -40.4 | -43.1 | -45.7 | -49.1 | -47.3 | -46.9 | -48.6 |
| On-Budget | (-33.1) | (-35.2) | (-37.5) | (-40.2) | (-37.8) | (-36.8) | (-37.7) |
| Off-Budget | (-7.4) | (-7.9) | (-8.2) | (-8.9) | (-9.5) | (-10.1) | (-10.9) |
| Total | 1,776.5 | 1,790.0 | 1,868.6 | 1,912.4 | 1,984.9 | 2,049.4 | 2,126.7 |
| On-Budget | (1,450.1) | (1,455.6) | (1,526.1) | (1,560.9) | (1,623.3) | (1,676.6) | (1,739.9) |
| Off-Budget | (326.4) | (334.3) | (342.5) | (351.6) | (361.6) | (372.8) | (386.8) |
| MEMORANDUM | | | | | | | |
| Discretionary budget authority: | | | | | | | |
| National defense | 288.1 | 291.8 | 301.1 | 308.7 | 316.1 | 323.9 | 331.9 |
| International | 41.5 | 22.3 | 22.8 | 23.3 | 23.8 | 24.3 | 24.8 |
| Domestic | 253.5 | 256.4 | 283.1 | 293.0 | 301.0 | 308.9 | 317.0 |
| Total, discretionary | 583.1 | 570.5 | 607.0 | 625.0 | 640.9 | 657.1 | 673.7 |

Table 14–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY
(in billions of dollars)

| Agency | 1999 Actual | Estimate | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Legislative Branch | 3.0 | 2.8 | 2.9 | 3.0 | 3.1 | 3.2 | 3.2 |
| Judicial Branch | 3.8 | 4.1 | 4.2 | 4.3 | 4.5 | 4.6 | 4.7 |
| Agriculture | 67.7 | 71.6 | 61.6 | 61.4 | 61.3 | 62.3 | 62.8 |
| Commerce | 5.4 | 8.6 | 9.0 | 9.3 | 9.5 | 9.8 | 10.1 |
| Defense—Military | 278.4 | 277.7 | 286.6 | 293.9 | 301.1 | 308.7 | 316.4 |
| Education | 33.7 | 32.7 | 42.0 | 42.1 | 43.8 | 44.6 | 45.8 |
| Energy | 16.5 | 15.4 | 16.0 | 16.5 | 16.6 | 16.8 | 17.3 |
| Health and Human Services | 365.3 | 394.8 | 424.6 | 441.4 | 473.0 | 500.0 | 539.0 |
| Housing and Urban Development | 26.3 | 16.4 | 32.8 | 30.0 | 31.2 | 31.8 | 32.2 |
| Interior | 8.1 | 8.1 | 8.5 | 8.6 | 8.9 | 9.1 | 9.4 |
| Justice | 19.4 | 19.5 | 20.7 | 20.5 | 21.0 | 21.6 | 22.2 |
| Labor | 35.2 | 31.8 | 37.5 | 42.1 | 45.7 | 47.3 | 48.8 |
| State | 8.8 | 7.2 | 7.4 | 7.6 | 7.8 | 7.9 | 8.1 |
| Transportation | 50.8 | 51.2 | 54.5 | 52.8 | 53.8 | 54.2 | 54.6 |
| Treasury | 388.8 | 388.9 | 390.0 | 393.3 | 397.6 | 401.5 | 402.0 |
| Veterans Affairs | 44.1 | 45.5 | 47.6 | 49.4 | 51.9 | 53.8 | 55.8 |
| Corps of Engineers | 4.1 | 4.1 | 4.2 | 4.4 | 4.5 | 4.6 | 4.7 |
| Other Defense Civil Programs | 32.1 | 33.1 | 34.1 | 35.0 | 36.0 | 37.0 | 38.1 |
| Environmental Protection Agency | 7.3 | 7.3 | 7.5 | 7.8 | 7.9 | 8.1 | 8.3 |
| Executive Office of the President | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Federal Emergency Management Agency | 2.8 | 3.2 | 3.1 | 3.5 | 3.6 | 3.6 | 3.7 |
| General Services Administration | 0.5 | 0.1 | 0.2 | -0.1 | 0.3 | 0.2 | 0.2 |
| International Assistance Programs | 27.4 | 11.6 | 13.4 | 14.0 | 14.3 | 14.6 | 15.0 |
| National Aeronautics and Space Administration | 13.7 | 13.6 | 13.9 | 14.2 | 14.6 | 14.9 | 15.2 |
| National Science Foundation | 3.7 | 4.0 | 4.0 | 4.1 | 4.2 | 4.3 | 4.3 |
| Office of Personnel Management | 48.7 | 50.8 | 53.3 | 56.1 | 59.1 | 62.6 | 66.4 |
| Small Business Administration | 0.3 | 0.4 | 0.8 | 0.9 | 0.9 | 0.9 | 1.0 |
| Social Security Administration | 420.6 | 438.6 | 459.0 | 481.3 | 505.3 | 531.3 | 562.0 |
| On-Budget | (40.3) | (42.3) | (41.7) | (44.7) | (46.6) | (48.8) | (53.6) |
| Off-Budget | (380.3) | (396.3) | (417.3) | (436.6) | (458.6) | (482.6) | (508.5) |
| Other Independent Agencies | 18.4 | 20.6 | 17.8 | 18.4 | 18.1 | 17.7 | 19.1 |
| On-Budget | (12.8) | (15.0) | (16.2) | (16.9) | (17.8) | (18.5) | (19.4) |
| Off-Budget | (5.6) | (5.5) | (1.6) | (1.5) | (0.3) | (-0.8) | (-0.3) |
| Undistributed Offsetting Receipts | -159.1 | -174.0 | -188.9 | -203.5 | -214.8 | -227.9 | -243.9 |
| On-Budget | (-99.6) | (-106.5) | (-112.6) | (-116.9) | (-117.4) | (-119.0) | (-122.5) |
| Off-Budget | (-59.5) | (-67.5) | (-76.4) | (-86.5) | (-97.4) | (-109.0) | (-121.4) |
| Total | 1,776.5 | 1,790.0 | 1,868.6 | 1,912.4 | 1,984.9 | 2,049.4 | 2,126.7 |
| On-Budget | (1,450.1) | (1,455.6) | (1,526.1) | (1,560.9) | (1,623.3) | (1,676.6) | (1,739.9) |
| Off-Budget | (326.4) | (334.3) | (342.5) | (351.6) | (361.6) | (372.8) | (386.8) |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 050 National defense: | | | | | | | |
| Discretionary: | | | | | | | |
| Department of Defense—Military: | | | | | | | |
| Military personnel | 70,649 | 73,692 | 76,380 | 78,449 | 80,574 | 82,761 | 85,005 |
| Operation and maintenance | 104,777 | 102,474 | 106,640 | 109,498 | 112,287 | 115,312 | 118,429 |
| Procurement | 50,920 | 54,135 | 55,219 | 56,321 | 57,450 | 58,596 | 59,771 |
| Research, development, test and evaluation | 38,290 | 38,372 | 39,235 | 40,078 | 40,942 | 41,826 | 42,729 |
| Military construction | 5,406 | 4,755 | 4,864 | 4,972 | 5,079 | 5,191 | 5,306 |
| Family housing | 3,591 | 3,597 | 3,671 | 3,746 | 3,821 | 3,898 | 3,978 |
| Revolving, management and trust funds | 937 | 1,624 | 1,669 | 1,953 | 1,991 | 2,029 | 2,068 |
| Total, Department of Defense—Military | 274,570 | 278,649 | 287,678 | 295,017 | 302,144 | 309,613 | 317,286 |
| Atomic energy defense activities: | | | | | | | |
| Department of Energy | 12,443 | 11,970 | 12,224 | 12,479 | 12,738 | 13,001 | 13,274 |
| Formerly utilized sites remedial action | 140 | 150 | 153 | 156 | 159 | 162 | 166 |
| Defense nuclear facilities safety board | 17 | 17 | 18 | 18 | 19 | 19 | 21 |
| Total, Atomic energy defense activities | 12,600 | 12,137 | 12,395 | 12,653 | 12,916 | 13,182 | 13,461 |
| Defense-related activities: | | | | | | | |
| Discretionary programs | 947 | 993 | 1,020 | 1,046 | 1,071 | 1,098 | 1,127 |
| Total, Discretionary | 288,117 | 291,779 | 301,093 | 308,716 | 316,131 | 323,893 | 331,874 |
| Mandatory: | | | | | | | |
| Department of Defense—Military: | | | | | | | |
| Revolving, trust and other DoD mandatory | 4,822 | 358 | 322 | 341 | 342 | 342 | 341 |
| Offsetting receipts | -994 | -1,352 | -1,404 | -1,410 | -1,374 | -1,259 | -1,274 |
| Total, Department of Defense—Military | 3,828 | -994 | -1,082 | -1,069 | -1,032 | -917 | -933 |
| Defense-related activities: | | | | | | | |
| Mandatory programs | 202 | 209 | 216 | 228 | 239 | 252 | 261 |
| Total, Mandatory | 4,030 | -785 | -866 | -841 | -793 | -665 | -672 |
| Total, National defense | 292,147 | 290,994 | 300,227 | 307,875 | 315,338 | 323,228 | 331,202 |
| 150 International affairs: | | | | | | | |
| Discretionary: | | | | | | | |
| International development, humanitarian assistance: | | | | | | | |
| Development assistance and operating expenses | 1,719 | 1,743 | 1,785 | 1,825 | 1,865 | 1,909 | 1,952 |
| Multilateral development banks (MDB's) | 1,529 | 1,236 | 1,261 | 1,285 | 1,312 | 1,336 | 1,364 |
| Assistance for the New Independent States | 587 | 836 | 853 | 870 | 887 | 905 | 923 |
| Food aid | 1,011 | 800 | 816 | 832 | 849 | 866 | 883 |
| Refugee programs | 1,099 | 634 | 646 | 660 | 673 | 686 | 700 |
| Assistance for Central and Eastern Europe | 436 | 533 | 544 | 555 | 566 | 577 | 588 |
| Voluntary contributions to international organizations | 308 | 294 | 300 | 306 | 312 | 318 | 325 |
| Peace Corps | 256 | 244 | 253 | 260 | 267 | 274 | 283 |
| Central America and Caribbean emergency disaster recovery fund | 592 | -10 | | | | | |
| Other development and humanitarian assistance | 1,440 | 987 | 1,040 | 1,060 | 1,079 | 1,099 | 1,126 |
| Total, International development, humanitarian assistance | 8,977 | 7,297 | 7,498 | 7,653 | 7,810 | 7,970 | 8,144 |
| International security assistance: | | | | | | | |
| Foreign military financing grants and loans | 3,400 | 4,789 | 4,886 | 4,983 | 5,083 | 5,182 | 5,288 |
| Economic support fund | 2,608 | 2,792 | 2,848 | 2,904 | 2,963 | 3,022 | 3,083 |
| Other security assistance | 409 | 420 | 428 | 437 | 445 | 455 | 464 |
| Total, International security assistance | 6,417 | 8,001 | 8,162 | 8,324 | 8,491 | 8,659 | 8,835 |
| Conduct of foreign affairs: | | | | | | | |
| State Department operations | 3,035 | 2,904 | 2,996 | 3,075 | 3,159 | 3,244 | 3,332 |
| Foreign buildings | 1,062 | 739 | 756 | 772 | 788 | 804 | 822 |
| Assessed contributions to international organizations | 934 | 880 | 898 | 916 | 934 | 953 | 972 |
| Assessed contributions for international peacekeeping | 219 | 498 | 508 | 518 | 528 | 539 | 550 |
| Arrearage payment for international organizations and peacekeeping | 475 | 351 | 358 | 365 | 372 | 380 | 388 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other conduct of foreign affairs | 168 | 121 | 124 | 127 | 131 | 136 | 141 |
| Total, Conduct of foreign affairs | 5,893 | 5,493 | 5,640 | 5,773 | 5,912 | 6,056 | 6,205 |
| Foreign information and exchange activities: | | | | | | | |
| International broadcasting | 397 | 404 | 417 | 431 | 444 | 457 | 470 |
| Other information and exchange activities | 808 | 258 | 264 | 268 | 275 | 282 | 287 |
| Total, Foreign information and exchange activities | 1,205 | 662 | 681 | 699 | 719 | 739 | 757 |
| International financial programs: | | | | | | | |
| Export-Import Bank | 812 | 796 | 813 | 831 | 849 | 868 | 887 |
| Special defense acquisition fund | -8 | 8 | 18 | 19 | 19 | 19 | 20 |
| IMF new arrangements to borrow | 3,450 | | | | | | |
| Other IMF | 14,763 | | | | | | |
| Total, International financial programs | 19,017 | 804 | 831 | 850 | 868 | 887 | 907 |
| Total, Discretionary | 41,509 | 22,257 | 22,812 | 23,299 | 23,800 | 24,311 | 24,848 |
| Mandatory: | | | | | | | |
| International development, humanitarian assistance: | | | | | | | |
| Credit liquidating accounts | 17 | -407 | -419 | -450 | -465 | -457 | -441 |
| Receipts and other | -19 | -121 | -56 | -16 | -16 | -16 | -16 |
| Total, International development, humanitarian assistance | -2 | -528 | -475 | -466 | -481 | -473 | -457 |
| International security assistance: | | | | | | | |
| Repayment of foreign military financing loans | -367 | | | | | | |
| Foreign military loan reestimates | 5 | 189 | | | | | |
| Foreign military loan liquidating account | -186 | -590 | -506 | -403 | -345 | -275 | -276 |
| Total, International security assistance | -548 | -401 | -506 | -403 | -345 | -275 | -276 |
| Foreign affairs and information: | | | | | | | |
| Conduct of foreign affairs | -2 | 14 | 3 | 3 | 3 | 3 | 3 |
| U.S. Information Agency trust funds | | -1 | -1 | -1 | -1 | -1 | -1 |
| Miscellaneous trust funds | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Japan-U.S. Friendship Commission | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total, Foreign affairs and information | 3 | 18 | 7 | 7 | 7 | 8 | 8 |
| International financial programs: | | | | | | | |
| Foreign military sales trust fund (net) | -2,912 | -1,490 | -30 | 150 | 180 | 70 | 200 |
| Other international financial programs | -175 | -906 | -254 | -67 | -80 | -81 | -87 |
| Total, International financial programs | -3,087 | -2,396 | -284 | 83 | 100 | -11 | 113 |
| Total, Mandatory | -3,634 | -3,307 | -1,258 | -779 | -719 | -751 | -612 |
| Total, International affairs | 37,875 | 18,950 | 21,554 | 22,520 | 23,081 | 23,560 | 24,236 |
| 250 General science, space, and technology: | | | | | | | |
| Discretionary: | | | | | | | |
| General science and basic research: | | | | | | | |
| National Science Foundation programs | 3,612 | 3,833 | 3,913 | 3,993 | 4,076 | 4,160 | 4,245 |
| Department of Energy general science programs | 2,721 | 2,788 | 2,845 | 3,179 | 3,220 | 3,211 | 3,219 |
| Total, General science and basic research | 6,333 | 6,621 | 6,758 | 7,172 | 7,296 | 7,371 | 7,464 |
| Space flight, research, and supporting activities: | | | | | | | |
| Science, aeronautics and technology | 4,885 | 4,918 | 5,016 | 5,117 | 5,219 | 5,323 | 5,430 |
| Human space flight | 5,480 | 5,488 | 5,598 | 5,710 | 5,824 | 5,940 | 6,059 |
| Mission support | 2,075 | 2,144 | 2,230 | 2,302 | 2,376 | 2,453 | 2,532 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other NASA programs | 20 | 20 | 21 | 22 | 22 | 23 | 24 |
| Total, Space flight, research, and supporting activities | 12,460 | 12,570 | 12,865 | 13,151 | 13,441 | 13,739 | 14,045 |
| Total, Discretionary | 18,793 | 19,191 | 19,623 | 20,323 | 20,737 | 21,110 | 21,509 |
| Mandatory: | | | | | | | |
| General science and basic research: | | | | | | | |
| National Science Foundation donations | 64 | 75 | 66 | 35 | 34 | 34 | 34 |
| Total, General science, space, and technology | 18,857 | 19,266 | 19,689 | 20,358 | 20,771 | 21,144 | 21,543 |
| 270 Energy: | | | | | | | |
| Discretionary: | | | | | | | |
| Energy supply: | | | | | | | |
| Research and development | 1,125 | 918 | 1,260 | 1,350 | 1,140 | 1,166 | 1,192 |
| Naval petroleum reserves operations | 14 | | | | | | |
| Uranium enrichment activities | 220 | 244 | 254 | 259 | 264 | 270 | 275 |
| Decontamination transfer | -398 | -420 | -430 | -441 | -452 | -464 | -476 |
| Nuclear waste program | 168 | 236 | 241 | 247 | 252 | 257 | 262 |
| Federal power marketing | 238 | 209 | 215 | 222 | 228 | 236 | 242 |
| Rural electric and telephone discretionary loans | 73 | 41 | 40 | 41 | 43 | 44 | 46 |
| Non-defense environmental management and other | 406 | 233 | 316 | 323 | 330 | 338 | 400 |
| Total, Energy supply | 1,846 | 1,461 | 1,896 | 2,001 | 1,805 | 1,847 | 1,941 |
| Energy conservation and preparedness: | | | | | | | |
| Energy conservation | 619 | 745 | 761 | 777 | 793 | 810 | 826 |
| Emergency energy preparedness | 160 | 158 | 162 | 165 | 169 | 173 | 176 |
| Total, Energy conservation and preparedness | 779 | 903 | 923 | 942 | 962 | 983 | 1,002 |
| Energy information, policy, and regulation: | | | | | | | |
| Nuclear Regulatory Commission (NRC) | 26 | 23 | 329 | 338 | 350 | 360 | 371 |
| Federal Energy Regulatory Commission fees and recoveries, and other | -25 | -21 | -28 | -23 | -24 | -24 | -24 |
| Department of Energy departmental administration, OIG, and EIA administration | 237 | 203 | 213 | 218 | 226 | 233 | 244 |
| Total, Energy information, policy, and regulation | 238 | 205 | 514 | 533 | 552 | 569 | 591 |
| Total, Discretionary | 2,863 | 2,569 | 3,333 | 3,476 | 3,319 | 3,399 | 3,534 |
| Mandatory: | | | | | | | |
| Energy supply: | | | | | | | |
| Naval petroleum reserves oil and gas sales | -18 | -6 | -6 | -6 | | | |
| Federal power marketing | -556 | -549 | -620 | -733 | -714 | -818 | -746 |
| Tennessee Valley Authority | -366 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| Proceeds from uranium sales | -1 | | | | | | |
| Nuclear waste fund program | -662 | -663 | -550 | -550 | -550 | -545 | -535 |
| Rural electric and telephone liquidating accounts | -112 | -2,822 | -1,910 | -1,797 | -1,543 | -1,565 | -1,471 |
| Rural electric and telephone loan subsidy reestimates | -167 | | | | | | |
| Total, Mandatory | -1,882 | -4,399 | -3,899 | -3,937 | -3,641 | -4,071 | -3,981 |
| Total, Energy | 981 | -1,830 | -566 | -461 | -322 | -672 | -447 |
| 300 Natural resources and environment: | | | | | | | |
| Discretionary: | | | | | | | |
| Water resources: | | | | | | | |
| Corps of Engineers | 3,917 | 3,930 | 4,039 | 4,138 | 4,242 | 4,346 | 4,454 |
| Bureau of Reclamation | 781 | 767 | 788 | 809 | 830 | 850 | 871 |
| Watershed, flood prevention and other | 229 | 208 | 223 | 217 | 230 | 244 | 236 |
| Total, Water resources | 4,927 | 4,905 | 5,050 | 5,164 | 5,302 | 5,440 | 5,561 |
| Conservation and land management: | | | | | | | |
| Forest Service | 2,738 | 2,634 | 2,726 | 2,808 | 2,892 | 2,978 | 3,065 |
| Management of public lands (BLM) | 1,091 | 1,070 | 1,110 | 1,145 | 1,182 | 1,217 | 1,256 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Conservation of agricultural lands | 692 | 673 | 730 | 753 | 779 | 804 | 831 |
| Other conservation and land management programs | 553 | 563 | 580 | 595 | 609 | 624 | 645 |
| Total, Conservation and land management | 5,074 | 4,940 | 5,146 | 5,301 | 5,462 | 5,623 | 5,797 |
| Recreational resources: | | | | | | | |
| Operation of recreational resources | 2,794 | 2,965 | 3,089 | 3,174 | 3,261 | 3,343 | 3,440 |
| Other recreational resources activities | 152 | 200 | 204 | 211 | 214 | 219 | 223 |
| Total, Recreational resources | 2,946 | 3,165 | 3,293 | 3,385 | 3,475 | 3,562 | 3,663 |
| Pollution control and abatement: | | | | | | | |
| Regulatory, enforcement, and research programs | 2,643 | 2,673 | 2,761 | 2,838 | 2,919 | 3,001 | 3,088 |
| State and tribal assistance grants | 3,408 | 3,446 | 3,515 | 3,585 | 3,656 | 3,731 | 3,804 |
| Hazardous substance superfund | 1,492 | 1,400 | 1,436 | 1,471 | 1,506 | 1,541 | 1,579 |
| Other control and abatement activities | 150 | 144 | 146 | 150 | 155 | 157 | 161 |
| Total, Pollution control and abatement | 7,693 | 7,663 | 7,858 | 8,044 | 8,236 | 8,430 | 8,632 |
| Other natural resources: | | | | | | | |
| NOAA | 2,253 | 2,396 | 2,466 | 2,534 | 2,601 | 2,666 | 2,737 |
| Other natural resource program activities | 919 | 809 | 837 | 863 | 890 | 914 | 941 |
| Total, Other natural resources | 3,172 | 3,205 | 3,303 | 3,397 | 3,491 | 3,580 | 3,678 |
| Total, Discretionary | 23,812 | 23,878 | 24,650 | 25,291 | 25,966 | 26,635 | 27,331 |
| Mandatory: | | | | | | | |
| Water resources: | | | | | | | |
| Offsetting receipts and other mandatory water resource programs | -214 | -121 | -128 | -123 | -108 | -144 | -161 |
| Conservation and land management: | | | | | | | |
| Conservation Reserve Program and other | 1,775 | 1,926 | 1,990 | 2,099 | 2,066 | 2,118 | 2,093 |
| Other conservation programs | 475 | 471 | 518 | 515 | 511 | 515 | 516 |
| Offsetting receipts | -1,650 | -2,321 | -2,015 | -2,048 | -2,015 | -2,056 | -2,080 |
| Total, Conservation and land management | 600 | 76 | 493 | 566 | 562 | 577 | 529 |
| Recreational resources: | | | | | | | |
| Operation of recreational resources | 893 | 941 | 951 | 817 | 844 | 865 | 899 |
| Offsetting receipts | -379 | -382 | -396 | -305 | -282 | -288 | -298 |
| Total, Recreational resources | 514 | 559 | 555 | 512 | 562 | 577 | 601 |
| Pollution control and abatement: | | | | | | | |
| Superfund resources and other mandatory | -264 | -225 | -174 | -124 | -124 | -124 | -124 |
| Other natural resources: | | | | | | | |
| Fees and mandatory programs | -20 | 1 | 2 | 8 | 9 | 7 | 7 |
| Total, Mandatory | 616 | 290 | 748 | 839 | 901 | 893 | 852 |
| Total, Natural resources and environment | 24,428 | 24,168 | 25,398 | 26,130 | 26,867 | 27,528 | 28,183 |
| 350 Agriculture: | | | | | | | |
| Discretionary: | | | | | | | |
| Farm income stabilization: | | | | | | | |
| Agriculture credit loan program | 451 | 486 | 503 | 516 | 531 | 546 | 561 |
| P.L.480 market development activities | 194 | 143 | 145 | 149 | 151 | 155 | 157 |
| Administrative expenses | 873 | 869 | 893 | 917 | 939 | 963 | 988 |
| Total, Farm income stabilization | 1,518 | 1,498 | 1,541 | 1,582 | 1,621 | 1,664 | 1,706 |
| Agricultural research and services: | | | | | | | |
| Research programs | 1,336 | 1,370 | 1,412 | 1,447 | 1,486 | 1,524 | 1,566 |
| Extension programs | 437 | 424 | 433 | 442 | 450 | 460 | 469 |
| Marketing programs | 50 | 53 | 54 | 55 | 56 | 57 | 58 |
| Animal and plant inspection programs | 433 | 443 | 452 | 461 | 470 | 479 | 490 |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Economic intelligence | 167 | 163 | 169 | 175 | 179 | 185 | 191 |
| Grain inspection | 27 | 26 | 27 | 27 | 28 | 28 | 29 |
| Foreign agricultural service | 147 | 109 | 113 | 117 | 120 | 124 | 128 |
| Other programs and unallocated overhead | 388 | 376 | 386 | 399 | 410 | 420 | 435 |
| Total, Agricultural research and services | 2,985 | 2,964 | 3,046 | 3,123 | 3,199 | 3,277 | 3,366 |
| Total, Discretionary | 4,503 | 4,462 | 4,587 | 4,705 | 4,820 | 4,941 | 5,072 |
| Mandatory: | | | | | | | |
| Farm income stabilization: | | | | | | | |
| Commodity Credit Corporation | 18,996 | 26,592 | 13,238 | 8,861 | 7,671 | 6,342 | 5,363 |
| Crop insurance and other farm credit activities | 1,557 | 1,058 | 1,738 | 1,908 | 1,998 | 2,064 | 2,114 |
| Credit liquidating accounts (ACIF and FAC) | -1,042 | -1,101 | -1,108 | -1,088 | -1,067 | -1,045 | -1,019 |
| Total, Farm income stabilization | 19,511 | 26,549 | 13,868 | 9,681 | 8,602 | 7,361 | 6,458 |
| Agricultural research and services: | | | | | | | |
| Miscellaneous mandatory programs | 238 | 390 | 577 | 429 | 599 | 535 | 537 |
| Offsetting receipts | -162 | -156 | -157 | -157 | -157 | -157 | -157 |
| Total, Agricultural research and services | 76 | 234 | 420 | 272 | 442 | 378 | 380 |
| Total, Mandatory | 19,587 | 26,783 | 14,288 | 9,953 | 9,044 | 7,739 | 6,838 |
| Total, Agriculture | 24,090 | 31,245 | 18,875 | 14,658 | 13,864 | 12,680 | 11,910 |
| 370 Commerce and housing credit: | | | | | | | |
| Discretionary: | | | | | | | |
| Mortgage credit: | | | | | | | |
| Federal Housing Administration (FHA) loan programs | 637 | 753 | 775 | 795 | 816 | 837 | 858 |
| Government National Mortgage Association (GNMA) | -346 | -332 | -347 | -346 | -346 | -345 | -345 |
| Other Housing and Urban Development | -149 | -77 | -122 | -122 | -121 | -120 | -118 |
| Rural housing insurance fund | 559 | 568 | 587 | 604 | 623 | 641 | 660 |
| Total, Mortgage credit | 701 | 912 | 893 | 931 | 972 | 1,013 | 1,055 |
| Postal service: | | | | | | | |
| Payments to the Postal Service fund (On-budget) | 29 | 100 | 102 | 104 | 106 | 108 | 110 |
| Deposit insurance: | | | | | | | |
| National Credit Union Administration | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other advancement of commerce: | | | | | | | |
| Small and minority business assistance | 559 | 612 | 623 | 637 | 651 | 663 | 676 |
| Science and technology | 683 | 654 | 672 | 690 | 709 | 727 | 747 |
| Economic and demographic statistics | 1,429 | 4,799 | 4,977 | 5,129 | 5,284 | 5,445 | 5,611 |
| Regulatory agencies | -128 | -151 | -136 | -151 | -174 | -155 | -212 |
| International Trade Administration | 301 | 307 | 318 | 326 | 335 | 344 | 354 |
| Other discretionary | 262 | -62 | 15 | 64 | 53 | 42 | 35 |
| Total, Other advancement of commerce | 3,106 | 6,159 | 6,469 | 6,695 | 6,858 | 7,066 | 7,211 |
| Total, Discretionary | 3,838 | 7,172 | 7,465 | 7,731 | 7,937 | 8,188 | 8,377 |
| Mandatory: | | | | | | | |
| Mortgage credit: | | | | | | | |
| FHA General and Special Risk negative subsidies | -154 | -146 | -27 | -111 | -210 | -28 | -10 |
| FHA mutual mortgage insurance receipts | -3,559 | | | -3,696 | -3,789 | -4,137 | -4,663 |
| GNMA receipts | | -6,189 | -365 | -401 | -439 | -479 | -521 |
| Mortgage credit reestimates | 4,727 | | | | | | |
| Other credit liquidating accounts | -1,127 | -837 | 1,018 | -582 | -461 | -693 | -891 |
| Other mortgage credit activities | 204 | | | | | | |
| Total, Mortgage credit | 91 | -7,172 | 626 | -4,790 | -4,899 | -5,337 | -6,085 |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Postal service: | | | | | | | |
| Postal Service (Off-budget) | 5,607 | 5,516 | 1,575 | 1,477 | 325 | -786 | -256 |
| Deposit insurance: | | | | | | | |
| Bank Insurance Fund | -12 | -25 | -26 | -26 | -26 | -26 | -26 |
| FSLIC Resolution Fund | -16 | -4 | -4 | -4 | -4 | -4 | -4 |
| Savings Association Insurance Fund | -1 | -4 | -4 | -4 | -4 | -4 | -4 |
| Other deposit insurance activities | 28 | 34 | 34 | 35 | 36 | 37 | 38 |
| Total, Deposit insurance | -1 | 1 | | 1 | 2 | 3 | 4 |
| Other advancement of commerce: | | | | | | | |
| Universal Service Fund | 3,752 | 4,616 | 4,897 | 5,474 | 6,113 | 6,783 | 7,482 |
| Payments to copyright owners | 243 | 180 | 212 | 212 | 232 | 255 | 240 |
| Spectrum auction subsidy | 1,409 | | | | | | |
| Regulatory fees | -24 | -24 | -24 | -24 | -24 | -24 | -24 |
| Credit liquidating accounts | 6 | 4 | 1 | 1 | 1 | 1 | 1 |
| Business loan program, subsidy reestimate | -695 | -301 | | | | | |
| Other mandatory | 127 | 112 | 108 | 109 | 100 | 101 | 103 |
| Total, Other advancement of commerce | 4,818 | 4,587 | 5,194 | 5,772 | 6,422 | 7,116 | 7,802 |
| Total, Mandatory | 10,515 | 2,932 | 7,395 | 2,460 | 1,850 | 996 | 1,465 |
| Total, Commerce and housing credit | 14,353 | 10,104 | 14,860 | 10,191 | 9,787 | 9,184 | 9,842 |
| 400 Transportation: | | | | | | | |
| Discretionary: | | | | | | | |
| Ground transportation: | | | | | | | |
| Highways | 332 | 3 | 3 | 3 | 3 | 3 | 3 |
| State infrastructure banks | -7 | | | | | | |
| Highway safety | 90 | 88 | 90 | 91 | 93 | 95 | 97 |
| Mass transit | -370 | 2 | 6 | 6 | 6 | 6 | 7 |
| Railroads | 776 | 739 | 755 | 772 | 789 | 805 | 823 |
| Regulation | 15 | 15 | 16 | 16 | 17 | 17 | 18 |
| Total, Ground transportation | 836 | 847 | 870 | 888 | 908 | 926 | 948 |
| Air transportation: | | | | | | | |
| Airports and airways (FAA) | 7,856 | 8,094 | 8,366 | 8,604 | 8,846 | 9,099 | 9,359 |
| Aeronautical research and technology | 1,194 | 1,031 | 1,059 | 1,085 | 1,110 | 1,137 | 1,164 |
| Payments to air carriers | -4 | | | | | | |
| Total, Air transportation | 9,046 | 9,125 | 9,425 | 9,689 | 9,956 | 10,236 | 10,523 |
| Water transportation: | | | | | | | |
| Marine safety and transportation | 3,449 | 2,924 | 3,020 | 3,100 | 3,183 | 3,267 | 3,353 |
| Ocean shipping | 90 | 110 | 114 | 117 | 121 | 124 | 128 |
| Total, Water transportation | 3,539 | 3,034 | 3,134 | 3,217 | 3,304 | 3,391 | 3,481 |
| Other transportation: | | | | | | | |
| Department of Transportation administration and other | 252 | 244 | 252 | 262 | 267 | 276 | 286 |
| Total, Discretionary | 13,673 | 13,250 | 13,681 | 14,056 | 14,435 | 14,829 | 15,238 |
| Mandatory: | | | | | | | |
| Ground transportation: | | | | | | | |
| Highways | 29,357 | 31,626 | 33,888 | 31,256 | 31,272 | 31,272 | 31,272 |
| Highway safety | 372 | 460 | 555 | 571 | 581 | 581 | 581 |
| Mass transit | 5,364 | 5,797 | 6,293 | 6,746 | 7,225 | 7,225 | 7,225 |
| Offsetting receipts and credit subsidy reestimates | -44 | -86 | -21 | -21 | -21 | -21 | -21 |
| Credit liquidating accounts | -29 | -30 | -29 | -29 | -29 | -29 | -29 |
| Total, Ground transportation | 35,020 | 37,767 | 40,686 | 38,523 | 39,028 | 39,028 | 39,028 |
| Air transportation: | | | | | | | |
| Airports and airways (FAA) | 2,322 | | | | | | |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Payments to air carriers | | 5 | 22 | 22 | 22 | 22 | 22 |
| Total, Air transportation | 2,322 | 5 | 22 | 22 | 22 | 22 | 22 |
| Water transportation: | | | | | | | |
| Coast Guard retired pay | 684 | 730 | 778 | 825 | 877 | 926 | 978 |
| Other water transportation programs | -84 | 72 | -5 | -7 | 68 | 68 | 68 |
| Total, Water transportation | 600 | 802 | 773 | 818 | 945 | 994 | 1,046 |
| Other transportation: | | | | | | | |
| Sale of Governors Island | | | | -340 | | | |
| Other mandatory transportation programs | -29 | -31 | -34 | -35 | -36 | -36 | -37 |
| Total, Other transportation | -29 | -31 | -34 | -375 | -36 | -36 | -37 |
| Total, Mandatory | 37,913 | 38,543 | 41,447 | 38,988 | 39,959 | 40,008 | 40,059 |
| Total, Transportation | 51,586 | 51,793 | 55,128 | 53,044 | 54,394 | 54,837 | 55,297 |
| 450 Community and regional development: | | | | | | | |
| Discretionary: | | | | | | | |
| Community development: | | | | | | | |
| Community development block grant | 4,893 | 4,781 | 4,877 | 4,974 | 5,074 | 5,175 | 5,279 |
| Community development loan guarantees | 30 | 30 | 31 | 31 | 32 | 32 | 33 |
| Community adjustment and investment program | 9 | 10 | 10 | 10 | 11 | 11 | 11 |
| Community development financial institutions | 95 | 95 | 97 | 99 | 102 | 104 | 105 |
| Brownfields redevelopment | 25 | 25 | 26 | 26 | 27 | 27 | 28 |
| Other community development programs | 434 | 430 | 440 | 450 | 461 | 474 | 484 |
| Total, Community development | 5,486 | 5,371 | 5,481 | 5,590 | 5,707 | 5,823 | 5,940 |
| Area and regional development: | | | | | | | |
| Rural development | 931 | 890 | 909 | 930 | 948 | 970 | 992 |
| Economic Development Administration | 413 | 388 | 396 | 405 | 412 | 422 | 431 |
| Indian programs | 1,007 | 1,169 | 1,201 | 1,227 | 1,256 | 1,285 | 1,319 |
| Appalachian Regional Commission | 66 | 66 | 67 | 69 | 70 | 71 | 73 |
| Tennessee Valley Authority | 50 | | | | | | |
| Denali commission | 20 | 30 | 30 | 31 | 32 | 33 | 33 |
| Total, Area and regional development | 2,487 | 2,543 | 2,603 | 2,662 | 2,718 | 2,781 | 2,848 |
| Disaster relief and insurance: | | | | | | | |
| Disaster relief | 2,114 | 2,765 | 2,820 | 2,877 | 2,934 | 2,993 | 3,053 |
| Small Business Administration disaster loans | 298 | 276 | 282 | 287 | 293 | 299 | 305 |
| Other disaster assistance programs | 642 | 469 | 484 | 496 | 508 | 519 | 534 |
| Total, Disaster relief and insurance | 3,054 | 3,510 | 3,586 | 3,660 | 3,735 | 3,811 | 3,892 |
| Total, Discretionary | 11,027 | 11,424 | 11,670 | 11,912 | 12,160 | 12,415 | 12,680 |
| Mandatory: | | | | | | | |
| Community development: | | | | | | | |
| Pennsylvania Avenue activities and other programs | | 1 | | | | | |
| Area and regional development: | | | | | | | |
| Indian programs | 576 | 184 | 152 | 157 | 162 | 168 | 173 |
| Rural development programs | 98 | 47 | 66 | 38 | 36 | 36 | 36 |
| Credit liquidating accounts | -80 | -3 | 19 | 1,359 | -99 | 315 | -126 |
| Offsetting receipts | -376 | -189 | -139 | -143 | -148 | -152 | -157 |
| Total, Area and regional development | 218 | 39 | 98 | 1,411 | -49 | 367 | -74 |
| Disaster relief and insurance: | | | | | | | |
| National flood insurance fund | -134 | -236 | -292 | -20 | -20 | -20 | -20 |
| National flood mitigation fund | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Radiological emergency preparedness fees | -2 | | | | | | |
| Disaster loans program account | 337 | 68 | | | | | |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| SBA disaster loan subsidy reestimates | -10 | | | | | | |
| Credit liquidating accounts | -163 | -166 | -74 | | | | |
| Total, Disaster relief and insurance | 48 | -314 | -346 | | | | |
| Total, Mandatory | 266 | -274 | -248 | 1,411 | -49 | 367 | -74 |
| Total, Community and regional development | 11,293 | 11,150 | 11,422 | 13,323 | 12,111 | 12,782 | 12,606 |
| 500 Education, training, employment, and social services: | | | | | | | |
| Discretionary: | | | | | | | |
| Elementary, secondary, and vocational education: | | | | | | | |
| Education reform | 1,314 | 1,765 | 1,800 | 1,836 | 1,873 | 1,910 | 1,949 |
| Education for the disadvantaged | 3,670 | 8,701 | 8,751 | 8,926 | 9,105 | 9,287 | 9,472 |
| Impact aid | 864 | 906 | 924 | 942 | 961 | 981 | 1,000 |
| School improvement | 2,811 | 1,492 | 3,037 | 3,097 | 3,159 | 3,223 | 3,288 |
| Bilingual and immigrant education | 380 | 406 | 414 | 422 | 431 | 439 | 448 |
| Special education | 5,334 | 2,294 | 6,082 | 6,204 | 6,327 | 6,454 | 6,583 |
| Vocational and adult education | 1,539 | 891 | 1,700 | 1,734 | 1,768 | 1,803 | 1,839 |
| Reading excellence | 260 | 65 | 261 | 267 | 272 | 277 | 283 |
| Indian education | 678 | 647 | 664 | 680 | 696 | 713 | 730 |
| Other | 9 | 10 | 10 | 10 | 11 | 11 | 11 |
| Total, Elementary, secondary, and vocational education | 16,859 | 17,177 | 23,643 | 24,118 | 24,603 | 25,098 | 25,603 |
| Higher education: | | | | | | | |
| Student financial assistance | 9,348 | 9,375 | 9,563 | 9,754 | 9,949 | 10,147 | 10,350 |
| Higher education | 1,310 | 1,529 | 1,559 | 1,590 | 1,623 | 1,655 | 1,688 |
| Federal family education loan program | 47 | 48 | 49 | 52 | 53 | 55 | 56 |
| Other higher education programs | 349 | 348 | 382 | 390 | 397 | 405 | 414 |
| Total, Higher education | 11,054 | 11,300 | 11,553 | 11,786 | 12,022 | 12,262 | 12,508 |
| Research and general education aids: | | | | | | | |
| Library of Congress | 296 | 302 | 313 | 324 | 333 | 343 | 354 |
| Public broadcasting | 301 | 352 | 394 | 405 | 414 | 421 | 430 |
| Smithsonian institution | 514 | 546 | 564 | 583 | 600 | 620 | 639 |
| Education research, statistics, and improvement | 657 | 591 | 602 | 615 | 627 | 639 | 652 |
| Other | 795 | 812 | 835 | 856 | 878 | 900 | 925 |
| Total, Research and general education aids | 2,563 | 2,603 | 2,708 | 2,783 | 2,852 | 2,923 | 3,000 |
| Training and employment: | | | | | | | |
| Training and employment services | 5,278 | 2,991 | 5,516 | 5,626 | 5,741 | 5,857 | 5,975 |
| Older Americans employment | 440 | 440 | 449 | 458 | 467 | 476 | 486 |
| Federal-State employment service | 1,252 | 1,252 | 1,276 | 1,304 | 1,329 | 1,358 | 1,383 |
| Other employment and training | 97 | 101 | 105 | 108 | 112 | 117 | 120 |
| Total, Training and employment | 7,067 | 4,784 | 7,346 | 7,496 | 7,649 | 7,808 | 7,964 |
| Other labor services: | | | | | | | |
| Labor law, statistics, and other administration | 1,128 | 1,242 | 1,289 | 1,330 | 1,372 | 1,413 | 1,456 |
| Social services: | | | | | | | |
| National Service | 716 | 652 | 669 | 667 | 684 | 703 | 719 |
| Children and families services programs | 6,029 | 5,328 | 6,838 | 6,977 | 7,120 | 7,264 | 7,410 |
| Aging services program | 882 | 933 | 952 | 971 | 991 | 1,011 | 1,032 |
| Other | 350 | 370 | 377 | 385 | 393 | 400 | 408 |
| Total, Social services | 7,977 | 7,283 | 8,836 | 9,000 | 9,188 | 9,378 | 9,569 |
| Total, Discretionary | 46,648 | 44,389 | 55,375 | 56,513 | 57,686 | 58,882 | 60,100 |
| Mandatory: | | | | | | | |
| Higher education: | | | | | | | |
| Federal family education loan program | 3,332 | 4,507 | 4,004 | 3,133 | 3,967 | 3,582 | 3,775 |
| Federal direct loan program | -102 | -2,697 | 163 | 288 | 287 | 482 | 595 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other higher education programs | -54 | -40 | -39 | -39 | -39 | -39 | -39 |
| Credit liquidating account (Family education loan program) | -550 | -693 | -619 | -528 | -427 | -331 | -247 |
| Total, Higher education | 2,626 | 1,077 | 3,509 | 2,854 | 3,788 | 3,694 | 4,084 |
| Research and general education aids: | | | | | | | |
| Mandatory programs | 25 | 46 | 44 | 20 | 19 | 19 | 20 |
| Training and employment: | | | | | | | |
| Trade adjustment assistance | 131 | 132 | 132 | 94 | 95 | 95 | 95 |
| Welfare to work grants | 1,488 | -137 | | | | | |
| Other training and employment | 41 | 50 | 48 | | | | |
| Total, Training and employment | 1,660 | 45 | 180 | 94 | 95 | 95 | 95 |
| Other labor services: | | | | | | | |
| Other labor services | 5 | 5 | 5 | | | | |
| Social services: | | | | | | | |
| Payments to States for foster care and adoption assistance | 4,922 | 5,697 | 6,401 | 6,944 | 7,544 | 8,212 | 8,954 |
| Family support and preservation | 275 | 295 | 305 | 305 | 305 | 305 | 305 |
| Social services block grant | 1,909 | 1,775 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| Rehabilitation services | 2,304 | 2,339 | 2,400 | 2,455 | 2,516 | 2,581 | 2,649 |
| Other social services | 26 | 19 | 20 | 32 | 32 | 32 | 32 |
| Total, Social services | 9,436 | 10,125 | 10,826 | 11,436 | 12,097 | 12,830 | 13,640 |
| Total, Mandatory | 13,752 | 11,298 | 14,564 | 14,404 | 15,999 | 16,638 | 17,839 |
| Total, Education, training, employment, and social services | 60,400 | 55,687 | 69,939 | 70,917 | 73,685 | 75,520 | 77,939 |
| 550 Health: | | | | | | | |
| Discretionary: | | | | | | | |
| Health care services: | | | | | | | |
| Substance abuse and mental health services | 2,487 | 2,652 | 2,706 | 2,761 | 2,817 | 2,875 | 2,933 |
| Indian health | 2,240 | 2,391 | 2,460 | 2,521 | 2,584 | 2,648 | 2,717 |
| Health Resources and Services Administration | 3,810 | 4,234 | 4,322 | 4,411 | 4,503 | 4,596 | 4,690 |
| Disease control, research, and training | 2,379 | 2,715 | 2,781 | 2,843 | 2,908 | 2,973 | 3,041 |
| Departmental management and other | 822 | 946 | 969 | 993 | 1,016 | 1,040 | 1,064 |
| Total, Health care services | 11,738 | 12,938 | 13,238 | 13,529 | 13,828 | 14,132 | 14,445 |
| Health research and training: | | | | | | | |
| National Institutes of Health | 15,607 | 17,793 | 18,651 | 19,339 | 20,054 | 20,796 | 21,565 |
| Clinical training | 307 | 344 | 351 | 358 | 366 | 373 | 381 |
| Other health research and training | 327 | 358 | 369 | 379 | 389 | 398 | 408 |
| Total, Health research and training | 16,241 | 18,495 | 19,371 | 20,076 | 20,809 | 21,567 | 22,354 |
| Consumer and occupational health and safety: | | | | | | | |
| Food safety and inspection | 617 | 649 | 681 | 707 | 734 | 762 | 791 |
| Occupational safety and health | 586 | 623 | 644 | 665 | 686 | 705 | 725 |
| FDA and Consumer Products Safety Commission salaries and expenses | 1,027 | 1,098 | 1,140 | 1,176 | 1,213 | 1,252 | 1,291 |
| Total, Consumer and occupational health and safety | 2,230 | 2,370 | 2,465 | 2,548 | 2,633 | 2,719 | 2,807 |
| Total, Discretionary | 30,209 | 33,803 | 35,074 | 36,153 | 37,270 | 38,418 | 39,606 |
| Mandatory: | | | | | | | |
| Health care services: | | | | | | | |
| Medicaid grants | 102,395 | 115,000 | 124,175 | 133,968 | 144,900 | 156,610 | 169,763 |
| State children's health insurance fund | 4,247 | 4,259 | 4,249 | 3,115 | 3,175 | 3,175 | 4,082 |
| Federal employees' and retired employees' health benefits | 4,591 | 4,972 | 5,404 | 5,835 | 6,286 | 6,869 | 7,536 |
| UMWA Funds (coal miner retiree health) | 230 | 183 | 205 | 188 | 179 | 171 | 164 |
| Other mandatory health services activities | 463 | 388 | 506 | 495 | 432 | 453 | 474 |
| Total, Health care services | 111,926 | 124,802 | 134,539 | 143,601 | 154,972 | 167,278 | 182,019 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Health research and safety: | | | | | | | |
| Health research and training | 64 | 42 | 37 | 37 | 9 | 7 | 5 |
| Total, Mandatory | 111,990 | 124,844 | 134,576 | 143,638 | 154,981 | 167,285 | 182,024 |
| Total, Health | 142,199 | 158,647 | 169,650 | 179,791 | 192,251 | 205,703 | 221,630 |
| 570 Medicare: | | | | | | | |
| Discretionary: | | | | | | | |
| Medicare: | | | | | | | |
| Hospital insurance (HI) administrative expenses | 1,297 | 1,361 | 1,420 | 1,477 | 1,537 | 1,601 | 1,644 |
| Supplementary medical insurance (SMI) administrative expenses | 1,506 | 1,706 | 1,774 | 1,838 | 1,909 | 1,984 | 2,062 |
| Total, Discretionary | 2,803 | 3,067 | 3,194 | 3,315 | 3,446 | 3,585 | 3,706 |
| Mandatory: | | | | | | | |
| Medicare: | | | | | | | |
| Hospital insurance (HI) | 129,576 | 132,469 | 143,325 | 147,643 | 157,752 | 165,657 | 179,188 |
| Supplementary medical insurance (SMI) | 79,032 | 88,034 | 97,010 | 100,467 | 111,151 | 118,801 | 130,330 |
| Health care fraud and abuse control | 764 | 864 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Medicare premiums, collections, and interfunds | -21,550 | -18,130 | -23,368 | -25,427 | -27,821 | -30,427 | -33,095 |
| Total, Mandatory | 187,822 | 203,237 | 217,917 | 223,693 | 242,157 | 255,106 | 277,498 |
| Total, Medicare | 190,625 | 206,304 | 221,111 | 227,008 | 245,603 | 258,691 | 281,204 |
| 600 Income security: | | | | | | | |
| Discretionary: | | | | | | | |
| General retirement and disability insurance: | | | | | | | |
| Railroad retirement | 285 | 269 | 274 | 278 | 283 | 286 | 291 |
| Pension Benefit Guaranty Corporation | 11 | 11 | 12 | 12 | 12 | 13 | 13 |
| Pension and Welfare Benefits Administration and other | 92 | 101 | 105 | 108 | 111 | 114 | 117 |
| Total, General retirement and disability insurance | 388 | 381 | 391 | 398 | 406 | 413 | 421 |
| Federal employee retirement and disability: | | | | | | | |
| Civilian retirement and disability program administrative expenses | 80 | 85 | 89 | 91 | 94 | 96 | 100 |
| Armed forces retirement home | 71 | 68 | 70 | 73 | 75 | 77 | 80 |
| Total, Federal employee retirement and disability | 151 | 153 | 159 | 164 | 169 | 173 | 180 |
| Unemployment compensation: | | | | | | | |
| Unemployment programs administrative expenses | 2,338 | 2,270 | 2,480 | 2,771 | 2,949 | 3,008 | 3,075 |
| Housing assistance: | | | | | | | |
| Public housing operating fund | 2,818 | 3,138 | 3,201 | 3,265 | 3,330 | 3,397 | 3,465 |
| Public housing capital fund | 3,000 | 2,869 | 2,927 | 2,985 | 3,045 | 3,105 | 3,168 |
| Subsidized, public, homeless and other HUD housing | 13,907 | 10,461 | 18,882 | 21,441 | 22,604 | 23,471 | 24,278 |
| Rural housing assistance | 652 | 729 | 744 | 758 | 774 | 788 | 805 |
| Total, Housing assistance | 20,377 | 17,197 | 25,754 | 28,449 | 29,753 | 30,761 | 31,716 |
| Food and nutrition assistance: | | | | | | | |
| Special supplemental food program for women, infants, and children (WIC) | 3,924 | 4,032 | 4,113 | 4,195 | 4,279 | 4,364 | 4,452 |
| Other nutrition programs | 484 | 517 | 530 | 544 | 556 | 568 | 582 |
| Total, Food and nutrition assistance | 4,408 | 4,549 | 4,643 | 4,739 | 4,835 | 4,932 | 5,034 |
| Other income assistance: | | | | | | | |
| Refugee assistance | 481 | 454 | 464 | 472 | 482 | 491 | 501 |
| Low income home energy assistance | 1,277 | 1,400 | 1,406 | 1,434 | 1,462 | 1,491 | 1,523 |
| Child care and development block grant | 1,000 | 1,183 | 1,183 | 1,207 | 1,231 | 1,255 | 1,281 |
| Supplemental security income (SSI) administrative expenses | 2,321 | 2,360 | 2,448 | 2,523 | 2,599 | 2,678 | 2,760 |
| Total, Other income assistance | 5,079 | 5,397 | 5,501 | 5,636 | 5,774 | 5,915 | 6,065 |
| Total, Discretionary | 32,741 | 29,947 | 38,928 | 42,157 | 43,886 | 45,202 | 46,491 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Mandatory: | | | | | | | |
| General retirement and disability insurance: | | | | | | | |
| Railroad retirement | 4,248 | 4,410 | 4,612 | 4,593 | 4,689 | 4,802 | 4,915 |
| Special benefits for disabled coal miners | 1,032 | 1,010 | 955 | 916 | 869 | 822 | 776 |
| Pension Benefit Guaranty Corporation | -11 | -11 | -12 | -12 | -12 | -13 | -13 |
| District of Columbia pension funds | 234 | 243 | 250 | 260 | 268 | 276 | 285 |
| Proceeds from sale of DC retirement fund assets | -3,398 | | | | | | |
| Special workers' compensation program | 142 | 160 | 151 | 153 | 154 | 154 | 154 |
| Total, General retirement and disability insurance | 2,247 | 5,812 | 5,956 | 5,910 | 5,968 | 6,041 | 6,117 |
| Federal employee retirement and disability: | | | | | | | |
| Federal civilian employee retirement and disability | 44,437 | 46,122 | 48,289 | 50,634 | 53,276 | 56,177 | 59,320 |
| Military retirement | 31,986 | 33,041 | 34,016 | 34,971 | 35,949 | 36,946 | 37,950 |
| Federal employees workers' compensation (FECA) | 180 | 81 | 59 | 70 | 79 | 99 | 118 |
| Federal employees life insurance fund | 29 | 31 | 33 | 34 | 35 | 37 | 38 |
| Total, Federal employee retirement and disability | 76,632 | 79,275 | 82,397 | 85,709 | 89,339 | 93,259 | 97,426 |
| Unemployment compensation: | | | | | | | |
| Unemployment insurance programs | 21,157 | 21,566 | 24,361 | 28,488 | 31,712 | 33,002 | 34,185 |
| Trade adjustment assistance | 230 | 283 | 275 | 249 | 227 | 235 | 243 |
| Total, Unemployment compensation | 21,387 | 21,849 | 24,636 | 28,737 | 31,939 | 33,237 | 34,428 |
| Housing assistance: | | | | | | | |
| Mandatory housing assistance programs | 25 | 40 | 40 | 30 | 30 | 30 | 30 |
| Food and nutrition assistance: | | | | | | | |
| Food stamps (including Puerto Rico) | 21,232 | 21,067 | 22,104 | 23,216 | 24,256 | 25,110 | 25,917 |
| State child nutrition programs | 9,179 | 9,545 | 9,533 | 10,489 | 10,939 | 11,439 | 11,958 |
| Funds for strengthening markets, income, and supply (Sec.32) | 733 | 730 | 538 | 538 | 538 | 538 | 538 |
| Total, Food and nutrition assistance | 31,144 | 31,342 | 32,175 | 34,243 | 35,733 | 37,087 | 38,413 |
| Other income support: | | | | | | | |
| Supplemental security income (SSI) | 28,113 | 29,260 | 30,561 | 31,904 | 33,269 | 34,673 | 38,695 |
| Family support payments | 2,649 | 1,033 | 3,092 | 3,349 | 3,606 | 3,883 | 4,097 |
| Federal share of child support collections | -868 | -851 | -850 | -820 | -865 | -874 | -853 |
| Temporary assistance for needy families and related programs | 17,693 | 16,689 | 16,679 | 16,679 | 16,679 | 16,679 | 16,679 |
| Child care entitlement to states | 2,167 | 2,367 | 2,567 | 2,717 | 2,717 | 2,717 | 2,717 |
| Earned income tax credit (EITC) | 25,632 | 25,676 | 25,799 | 26,876 | 27,638 | 28,701 | 29,722 |
| Child tax credit | 445 | 550 | 520 | 505 | 460 | 450 | 420 |
| Other assistance | 52 | 39 | 58 | 59 | 59 | 61 | 61 |
| SSI recoveries and receipts | -1,479 | -1,548 | -1,612 | -1,679 | -1,745 | -1,814 | -2,009 |
| Total, Other income support | 74,404 | 73,215 | 76,814 | 79,590 | 81,818 | 84,476 | 89,529 |
| Total, Mandatory | 205,839 | 211,533 | 222,018 | 234,219 | 244,827 | 254,130 | 265,943 |
| Total, Income security | 238,580 | 241,480 | 260,946 | 276,376 | 288,713 | 299,332 | 312,434 |
| 650 Social security: | | | | | | | |
| Discretionary: | | | | | | | |
| Social security: | | | | | | | |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .. | 1,738 | 1,747 | 1,813 | 1,870 | 1,926 | 1,986 | 2,048 |
| Disability insurance (DI) administrative expenses (Off-budget) | 1,406 | 1,413 | 1,465 | 1,510 | 1,554 | 1,603 | 1,651 |
| Office of the Inspector General—Social Security Adm. (On-budget) | 12 | 15 | 15 | 16 | 17 | 17 | 18 |
| Total, Discretionary | 3,156 | 3,175 | 3,293 | 3,396 | 3,497 | 3,606 | 3,717 |
| Mandatory: | | | | | | | |
| Social security: | | | | | | | |
| Old-age and survivors insurance (OASI)(Off-budget) | 337,136 | 350,286 | 366,084 | 381,082 | 398,100 | 416,458 | 436,438 |
| Disability insurance (DI)(Off-budget) | 50,812 | 54,566 | 58,888 | 63,648 | 69,118 | 75,328 | 82,062 |
| Quinquennial OASI and DI adjustments (On-budget) | | | -1,152 | | | | |
| Intragovernmental transactions (On-budget) | 10,830 | 11,663 | 10,985 | 11,494 | 12,048 | 12,813 | 13,725 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Intragovernmental transactions (Off-budget) | -10,824 | -11,663 | -10,985 | -11,494 | -12,048 | -12,813 | -13,725 |
| Total, Mandatory | 387,954 | 404,852 | 423,820 | 444,730 | 467,218 | 491,786 | 518,500 |
| Total, Social security | 391,110 | 408,027 | 427,113 | 448,126 | 470,715 | 495,392 | 522,217 |
| 700 Veterans benefits and services: | | | | | | | |
| Discretionary: | | | | | | | |
| Income security for veterans: | | | | | | | |
| Special benefits for certain World War II veterans | | 3 | 3 | 3 | 3 | 4 | 4 |
| Veterans education, training, and rehabilitation: | | | | | | | |
| Loan fund program account | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hospital and medical care for veterans: | | | | | | | |
| Medical care and hospital services | 18,199 | 19,879 | 20,606 | 21,222 | 21,859 | 22,519 | 23,203 |
| Collections for medical care | -574 | -600 | -608 | -612 | -622 | -632 | -642 |
| Construction of medical facilities | 407 | 315 | 321 | 328 | 335 | 340 | 348 |
| Total, Hospital and medical care for veterans | 18,032 | 19,594 | 20,319 | 20,938 | 21,572 | 22,227 | 22,909 |
| Veterans housing: | | | | | | | |
| Housing program loan administrative expenses | 160 | 158 | 165 | 170 | 176 | 181 | 187 |
| Other veterans benefits and services: | | | | | | | |
| National Cemetery Administration | 92 | 97 | 101 | 104 | 108 | 111 | 115 |
| General operating expenses | 882 | 941 | 967 | 991 | 1,016 | 1,041 | 1,067 |
| Other operating expenses | 94 | 119 | 123 | 126 | 131 | 135 | 138 |
| Total, Other veterans benefits and services | 1,068 | 1,157 | 1,191 | 1,221 | 1,255 | 1,287 | 1,320 |
| Total, Discretionary | 19,261 | 20,913 | 21,679 | 22,333 | 23,007 | 23,700 | 24,421 |
| Mandatory: | | | | | | | |
| Income security for veterans: | | | | | | | |
| Compensation | 18,663 | 18,375 | 19,567 | 20,340 | 20,988 | 21,656 | 22,325 |
| Proposed Legislation (non-PAYGO) | | | 345 | 769 | 1,243 | 1,725 | 2,216 |
| Subtotal, Compensation | 18,663 | 18,375 | 19,912 | 21,109 | 22,231 | 23,381 | 24,541 |
| Pensions | 3,085 | 3,063 | 3,066 | 3,066 | 3,566 | 3,586 | 3,629 |
| Burial benefits and miscellaneous assistance | 109 | 135 | 142 | 136 | 137 | 138 | 137 |
| National service life insurance trust fund | 1,249 | 1,301 | 1,292 | 1,300 | 1,298 | 1,298 | 1,287 |
| All other insurance programs | 38 | 50 | 42 | 45 | 59 | 66 | 70 |
| Insurance program receipts | -210 | -191 | -180 | -169 | -158 | -146 | -134 |
| Total, Income security for veterans | 22,934 | 22,733 | 24,274 | 25,487 | 27,133 | 28,323 | 29,530 |
| Veterans education, training, and rehabilitation: | | | | | | | |
| Readjustment benefits (Montgomery GI Bill and other related programs) | 1,175 | 1,469 | 1,664 | 1,674 | 1,664 | 1,665 | 1,683 |
| Post-Vietnam era education | -1 | | | | -1 | | |
| All-volunteer force educational assistance trust fund | -186 | -254 | -261 | -252 | -239 | -227 | -213 |
| Total, Veterans education, training, and rehabilitation | 988 | 1,215 | 1,403 | 1,422 | 1,424 | 1,438 | 1,470 |
| Hospital and medical care for veterans: | | | | | | | |
| Fees, charges and other mandatory medical care | | | | | | 1 | |
| Veterans housing: | | | | | | | |
| Housing program loan subsidies | 1,392 | 1,355 | 166 | 139 | 320 | 342 | 349 |
| Housing program loan reestimates | -619 | -730 | | | | | |
| Housing program loan liquidating account | 154 | | | | | | |
| Total, Veterans housing | 927 | 625 | 166 | 139 | 320 | 342 | 349 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other veterans programs: | | | | | | | |
| National homes, Battle Monument contributions and other | 47 | 124 | 46 | 45 | 36 | 36 | 37 |
| Total, Mandatory | 24,896 | 24,697 | 25,889 | 27,093 | 28,913 | 30,140 | 31,386 |
| Total, Veterans benefits and services | 44,157 | 45,610 | 47,568 | 49,426 | 51,920 | 53,840 | 55,807 |
| 750 Administration of justice: | | | | | | | |
| Discretionary: | | | | | | | |
| Federal law enforcement activities: | | | | | | | |
| Criminal investigations (DEA, FBI, FinCEN, ICDE) | 4,338 | 4,493 | 4,652 | 4,789 | 4,931 | 5,077 | 5,229 |
| Alcohol, tobacco, and firearms investigations (ATF) | 558 | 565 | 587 | 606 | 625 | 645 | 665 |
| Border enforcement activities (Customs and INS) | 4,743 | 4,808 | 4,990 | 5,141 | 5,300 | 5,463 | 5,631 |
| Equal Employment Opportunity Commission | 279 | 281 | 287 | 292 | 298 | 304 | 310 |
| Tax law, criminal investigations (IRS) | 367 | 385 | 401 | 415 | 428 | 443 | 458 |
| Other law enforcement activities | 1,585 | 1,526 | 1,578 | 1,626 | 1,672 | 1,724 | 1,776 |
| Total, Federal law enforcement activities | 11,870 | 12,058 | 12,495 | 12,869 | 13,254 | 13,656 | 14,069 |
| Federal litigative and judicial activities: | | | | | | | |
| Civil and criminal prosecution and representation | 2,628 | 2,763 | 2,836 | 2,919 | 3,006 | 3,096 | 3,190 |
| Representation of indigents in civil cases | 300 | 304 | 310 | 316 | 323 | 329 | 336 |
| Federal judicial and other litigative activities | 3,497 | 3,799 | 3,913 | 4,016 | 4,122 | 4,231 | 4,346 |
| Total, Federal litigative and judicial activities | 6,425 | 6,866 | 7,059 | 7,251 | 7,451 | 7,656 | 7,872 |
| Correctional activities: | | | | | | | |
| Federal prison system and detention trustee program | 3,302 | 3,673 | 3,779 | 3,875 | 3,974 | 4,076 | 4,183 |
| Criminal justice assistance: | | | | | | | |
| Law enforcement assistance, violent crime reduction, community policing | 4,891 | 4,050 | 4,135 | 4,216 | 4,301 | 4,388 | 4,477 |
| Total, Discretionary | 26,488 | 26,647 | 27,468 | 28,211 | 28,980 | 29,776 | 30,601 |
| Mandatory: | | | | | | | |
| Federal law enforcement activities: | | | | | | | |
| Assets forfeiture fund | 560 | 484 | 463 | 430 | 440 | 451 | 459 |
| Border enforcement activities (Customs and INS) | 1,533 | 1,627 | 1,624 | 1,675 | 1,712 | 1,750 | 1,791 |
| Customs and INS fees | -2,480 | -2,716 | -2,736 | -2,699 | -2,779 | -1,382 | -1,385 |
| Other mandatory law enforcement programs | 481 | 420 | 433 | 439 | 442 | 445 | 449 |
| Total, Federal law enforcement activities | 94 | -185 | -216 | -155 | -185 | 1,264 | 1,314 |
| Federal litigative and judicial activities: | | | | | | | |
| Federal judicial officers salaries and expenses and other mandatory programs | 460 | 454 | 533 | 498 | 510 | 523 | 539 |
| Correctional activities: | | | | | | | |
| Mandatory programs | -3 | -4 | -4 | -4 | -4 | -4 | -5 |
| Criminal justice assistance: | | | | | | | |
| Crime victims fund | 321 | 503 | 1,063 | 350 | 350 | 350 | 350 |
| Public safety officers' benefits | 32 | 33 | 33 | 34 | 34 | 35 | 35 |
| Total, Criminal justice assistance | 353 | 536 | 1,096 | 384 | 384 | 385 | 385 |
| Total, Mandatory | 904 | 801 | 1,409 | 723 | 705 | 2,168 | 2,233 |
| Total, Administration of justice | 27,392 | 27,448 | 28,877 | 28,934 | 29,685 | 31,944 | 32,834 |
| 800 General government: | | | | | | | |
| Discretionary: | | | | | | | |
| Legislative functions: | | | | | | | |
| Legislative branch discretionary programs | 2,245 | 2,107 | 2,179 | 2,241 | 2,308 | 2,381 | 2,448 |
| Executive direction and management: | | | | | | | |
| Drug control programs | 353 | 369 | 376 | 384 | 391 | 400 | 407 |
| Executive Office of the President | 315 | 274 | 283 | 289 | 300 | 307 | 318 |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Presidential transition and former Presidents | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total, Executive direction and management | 670 | 645 | 661 | 675 | 693 | 709 | 727 |
| Central fiscal operations: | | | | | | | |
| Tax administration | 8,059 | 7,833 | 8,107 | 8,340 | 8,586 | 8,836 | 9,097 |
| Other fiscal operations | 663 | 720 | 746 | 769 | 790 | 816 | 840 |
| Total, Central fiscal operations | 8,722 | 8,553 | 8,853 | 9,109 | 9,376 | 9,652 | 9,937 |
| General property and records management: | | | | | | | |
| Real property activities | 306 | -54 | 42 | 64 | 99 | 38 | 22 |
| Records management | 247 | 222 | 225 | 231 | 235 | 240 | 244 |
| Other general and records management | 230 | 171 | 177 | 181 | 187 | 193 | 198 |
| Total, General property and records management | 783 | 339 | 444 | 476 | 521 | 471 | 464 |
| Central personnel management: | | | | | | | |
| Discretionary central personnel management programs | 154 | 161 | 167 | 174 | 177 | 182 | 190 |
| General purpose fiscal assistance: | | | | | | | |
| Payments and loans to the District of Columbia | 645 | 340 | 348 | 353 | 361 | 368 | 374 |
| Payments to States and counties from Federal land management activities | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| Payments in lieu of taxes | 125 | 134 | 137 | 139 | 142 | 145 | 148 |
| Total, General purpose fiscal assistance | 781 | 485 | 496 | 503 | 515 | 525 | 534 |
| Other general government: | | | | | | | |
| Discretionary programs | 347 | 253 | 258 | 275 | 272 | 281 | 287 |
| Total, Discretionary | 13,702 | 12,543 | 13,058 | 13,453 | 13,862 | 14,201 | 14,587 |
| Mandatory: | | | | | | | |
| Legislative functions: | | | | | | | |
| Congressional members compensation and other | 99 | 104 | 108 | 106 | 103 | 98 | 99 |
| Central fiscal operations: | | | | | | | |
| Federal financing bank | 1,155 | 21 | 22 | 24 | 25 | 27 | 31 |
| Other mandatory programs | -63 | 2 | 27 | 25 | 32 | 33 | 36 |
| Total, Central fiscal operations | 1,092 | 23 | 49 | 49 | 57 | 60 | 67 |
| General property and records management: | | | | | | | |
| Mandatory programs | 14 | 19 | 22 | 21 | 19 | 18 | 18 |
| Offsetting receipts | -25 | -24 | -69 | -33 | -32 | -28 | -27 |
| Total, General property and records management | -11 | -5 | -47 | -12 | -13 | -10 | -9 |
| General purpose fiscal assistance: | | | | | | | |
| Payments to States and counties | 789 | 994 | 884 | 886 | 868 | 891 | 912 |
| Tax revenues for Puerto Rico (Treasury, BATF) | 335 | 365 | 429 | 363 | 354 | 357 | 360 |
| Other general purpose fiscal assistance | 128 | 128 | 125 | 115 | 111 | 112 | 112 |
| Total, General purpose fiscal assistance | 1,252 | 1,487 | 1,438 | 1,364 | 1,333 | 1,360 | 1,384 |
| Other general government: | | | | | | | |
| Territories | 160 | 162 | 169 | 194 | 197 | 197 | 197 |
| Treasury claims | 1,859 | 725 | 712 | 712 | 712 | 712 | 712 |
| Presidential election campaign fund | 61 | 61 | 61 | 63 | 63 | 63 | 63 |
| Other mandatory programs | -95 | | | | | | |
| Total, Other general government | 1,985 | 948 | 942 | 969 | 972 | 972 | 972 |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Deductions for offsetting receipts: | | | | | | | |
| Offsetting receipts | -971 | -1,100 | -1,100 | -1,100 | -1,100 | -1,100 | -1,100 |
| Total, Mandatory | 3,446 | 1,457 | 1,390 | 1,376 | 1,352 | 1,380 | 1,413 |
| Total, General government | 17,148 | 14,000 | 14,448 | 14,829 | 15,214 | 15,581 | 16,000 |
| 900 Net interest: | | | | | | | |
| Mandatory: | | | | | | | |
| Interest on the public debt: | | | | | | | |
| Interest on the public debt | 353,504 | 358,647 | 359,283 | 361,838 | 364,939 | 366,996 | 366,627 |
| Interest received by on-budget trust funds: | | | | | | | |
| Civil service retirement and disability fund | -33,579 | -35,168 | -35,790 | -36,929 | -38,131 | -39,099 | -39,990 |
| Military retirement | -12,560 | -12,791 | -13,025 | -13,267 | -13,517 | -13,776 | -14,045 |
| Medicare | -12,212 | -14,126 | -15,220 | -16,489 | -17,678 | -18,855 | -19,995 |
| Other on-budget trust funds | -8,210 | -9,206 | -9,700 | -10,094 | -10,303 | -10,480 | -10,752 |
| Total, Interest received by on-budget trust funds | -66,561 | -71,291 | -73,735 | -76,779 | -79,629 | -82,210 | -84,782 |
| Interest received by off-budget trust funds: | | | | | | | |
| Interest received by social security trust funds | -52,071 | -59,656 | -68,138 | -77,622 | -87,895 | -98,812 | -110,493 |
| Other interest: | | | | | | | |
| Interest on loans to Federal Financing Bank | -2,503 | -2,412 | -2,159 | -1,988 | -1,853 | -2,205 | -2,472 |
| Interest on refunds of tax collections | 2,724 | 3,157 | 3,307 | 3,436 | 3,563 | 3,702 | 3,852 |
| Payment to the Resolution Funding Corporation | 2,328 | 1,072 | 1,728 | 1,247 | 2,047 | 1,947 | 2,231 |
| Interest paid to loan guarantee financing accounts | 3,617 | 3,795 | 3,858 | 3,948 | 4,045 | 4,149 | 4,261 |
| Interest received from direct loan financing accounts | -7,278 | -8,626 | -9,945 | -10,960 | -11,973 | -12,947 | -13,860 |
| Interest on deposits in tax and loan accounts | -935 | -1,152 | -1,104 | -1,052 | -1,052 | -1,052 | -1,052 |
| Interest received from Outer Continental Shelf escrow account, Interior | -1 | | -1,342 | | | | |
| All other interest | -3,087 | -3,555 | -3,698 | -3,603 | -3,631 | -3,528 | -3,414 |
| Total, Other interest | -5,135 | -7,721 | -9,355 | -8,972 | -8,854 | -9,934 | -10,454 |
| Total, Net interest | 229,737 | 219,979 | 208,055 | 198,465 | 188,561 | 176,040 | 160,898 |
| 950 Undistributed offsetting receipts: | | | | | | | |
| Mandatory: | | | | | | | |
| Employer share, employee retirement (on-budget): | | | | | | | |
| Contributions to military retirement fund | -10,417 | -11,454 | -11,413 | -11,781 | -12,114 | -12,459 | -12,825 |
| Postal Service contributions to Civil Service Retirement and Disability Fund | -6,001 | -6,437 | -6,624 | -6,799 | -6,919 | -7,041 | -7,166 |
| Other contributions to civil and foreign service retirement and disability fund | -9,215 | -9,008 | -9,470 | -9,870 | -9,983 | -10,494 | -11,052 |
| Contributions to HI trust fund | -2,576 | -2,676 | -2,752 | -2,898 | -3,009 | -3,133 | -3,280 |
| Total, Employer share, employee retirement (on-budget) | -28,209 | -29,575 | -30,259 | -31,348 | -32,025 | -33,127 | -34,323 |
| Employer share, employee retirement (off-budget): | | | | | | | |
| Contributions to social security trust funds | -7,385 | -7,860 | -8,212 | -8,919 | -9,493 | -10,144 | -10,905 |
| Rents and royalties on the Outer Continental Shelf: | | | | | | | |
| OCS Receipts | -3,098 | -3,550 | -3,691 | -3,282 | -2,982 | -2,853 | -2,705 |
| Sale of major assets: | | | | | | | |
| Privatization of Elk Hills | | | | | -323 | | |
| Other undistributed offsetting receipts: | | | | | | | |
| Spectrum auction | -1,753 | -2,076 | -3,559 | -5,535 | -2,480 | -770 | -675 |
| Total, Undistributed offsetting receipts | -40,445 | -43,061 | -45,721 | -49,084 | -47,303 | -46,894 | -48,608 |
| Total | 1,776,513 | 1,789,961 | 1,868,573 | 1,912,426 | 1,984,935 | 2,049,420 | 2,126,727 |
| On-budget | (1,450,094) | (1,455,612) | (1,526,083) | (1,560,874) | (1,623,348) | (1,676,600) | (1,739,907) |
| Off-budget | (326,419) | (334,349) | (342,490) | (351,552) | (361,587) | (372,820) | (386,820) |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| 050 National defense: | | | | | | | |
| Discretionary: | | | | | | | |
| Department of Defense—Military: | | | | | | | |
| Military personnel | 69,503 | 73,509 | 75,636 | 77,836 | 80,078 | 82,321 | 84,541 |
| Operation and maintenance | 96,272 | 102,012 | 106,598 | 107,165 | 110,665 | 114,057 | 116,999 |
| Procurement | 48,826 | 47,959 | 50,615 | 52,059 | 54,447 | 55,929 | 57,200 |
| Research, development, test and evaluation | 37,363 | 37,407 | 38,433 | 38,827 | 39,890 | 40,874 | 41,823 |
| Military construction | 5,521 | 4,763 | 4,876 | 4,850 | 4,740 | 4,890 | 5,087 |
| Family housing | 3,692 | 3,753 | 3,678 | 3,752 | 3,831 | 3,834 | 3,914 |
| Revolving, management and trust funds | 995 | 2,278 | 1,925 | 2,269 | 2,264 | 2,251 | 2,256 |
| General transfer authority | | 230 | 220 | 100 | 40 | 20 | 10 |
| Total, Department of Defense—Military | 262,172 | 271,911 | 281,981 | 286,858 | 295,955 | 304,176 | 311,830 |
| Atomic energy defense activities: | | | | | | | |
| Department of Energy | 12,188 | 11,736 | 12,032 | 12,422 | 12,712 | 12,958 | 13,166 |
| Formerly utilized sites remedial action | 153 | 154 | 142 | 145 | 148 | 151 | 154 |
| Defense nuclear facilities safety board | 17 | 18 | 19 | 18 | 18 | 20 | 20 |
| Total, Atomic energy defense activities | 12,358 | 11,908 | 12,193 | 12,585 | 12,878 | 13,129 | 13,340 |
| Defense-related activities: | | | | | | | |
| Discretionary programs | 933 | 1,004 | 977 | 1,029 | 1,064 | 1,090 | 1,117 |
| Total, Discretionary | 275,463 | 284,823 | 295,151 | 300,472 | 309,897 | 318,395 | 326,287 |
| Mandatory: | | | | | | | |
| Department of Defense—Military: | | | | | | | |
| Revolving, trust and other DoD mandatory | 202 | 624 | 304 | 343 | 343 | 342 | 341 |
| Offsetting receipts | -994 | -1,352 | -1,404 | -1,410 | -1,374 | -1,259 | -1,274 |
| Total, Department of Defense—Military | -792 | -728 | -1,100 | -1,067 | -1,031 | -917 | -933 |
| Defense-related activities: | | | | | | | |
| Mandatory programs | 202 | 209 | 216 | 228 | 239 | 252 | 261 |
| Total, Mandatory | -590 | -519 | -884 | -839 | -792 | -665 | -672 |
| Total, National defense | 274,873 | 284,304 | 294,267 | 299,633 | 309,105 | 317,730 | 325,615 |
| 150 International affairs: | | | | | | | |
| Discretionary: | | | | | | | |
| International development, humanitarian assistance: | | | | | | | |
| Development assistance and operating expenses | 1,473 | 1,841 | 1,813 | 1,718 | 1,723 | 1,768 | 1,849 |
| Multilateral development banks (MDB's) | 1,518 | 1,567 | 1,644 | 1,446 | 1,319 | 1,407 | 1,319 |
| Assistance for the New Independent States | 652 | 590 | 683 | 677 | 749 | 842 | 876 |
| Food aid | 926 | 1,031 | 852 | 836 | 843 | 858 | 871 |
| Refugee programs | 733 | 919 | 777 | 654 | 668 | 681 | 695 |
| Assistance for Central and Eastern Europe | 523 | 535 | 373 | 413 | 468 | 535 | 560 |
| Voluntary contributions to international organizations | 338 | 295 | 298 | 305 | 311 | 318 | 324 |
| Peace Corps | 236 | 264 | 251 | 265 | 275 | 282 | 290 |
| Central America and Caribbean emergency disaster recovery fund | 10 | 232 | 228 | -4 | | | |
| Other development and humanitarian assistance | 849 | 1,091 | 1,013 | 872 | 916 | 922 | 966 |
| Total, International development, humanitarian assistance | 7,258 | 8,365 | 7,932 | 7,182 | 7,272 | 7,613 | 7,750 |
| International security assistance: | | | | | | | |
| Foreign military financing grants and loans | 3,375 | 2,985 | 4,624 | 4,673 | 5,026 | 5,142 | 5,189 |
| Economic support fund | 2,349 | 2,358 | 2,486 | 2,766 | 2,985 | 2,714 | 2,828 |
| Other security assistance | 355 | 408 | 438 | 432 | 442 | 450 | 460 |
| Total, International security assistance | 6,079 | 5,751 | 7,548 | 7,871 | 8,453 | 8,306 | 8,477 |
| Conduct of foreign affairs: | | | | | | | |
| State Department operations | 2,241 | 3,532 | 3,043 | 3,093 | 3,141 | 3,226 | 3,313 |
| Foreign buildings | 615 | 701 | 729 | 805 | 810 | 796 | 800 |
| Assessed contributions to international organizations | 947 | 882 | 898 | 915 | 933 | 952 | 971 |
| Assessed contributions for international peacekeeping | 235 | 493 | 508 | 518 | 528 | 539 | 550 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Arrearage payment for international organizations and peacekeeping | | | 582 | 244 | | | |
| Other conduct of foreign affairs | 168 | 145 | 129 | 129 | 133 | 137 | 140 |
| Total, Conduct of foreign affairs | 4,206 | 5,753 | 5,889 | 5,704 | 5,545 | 5,650 | 5,774 |
| Foreign information and exchange activities: | | | | | | | |
| International broadcasting | 422 | 428 | 422 | 428 | 439 | 454 | 467 |
| Other information and exchange activities | 801 | 386 | 273 | 272 | 277 | 281 | 285 |
| Total, Foreign information and exchange activities | 1,223 | 814 | 695 | 700 | 716 | 735 | 752 |
| International financial programs: | | | | | | | |
| Export-Import Bank | 733 | 598 | 587 | 618 | 696 | 760 | 800 |
| Special defense acquisition fund | -2 | 8 | 23 | 24 | 19 | 20 | 20 |
| Other IMF | 22 | 16 | 10 | | | | |
| Total, International financial programs | 753 | 622 | 620 | 642 | 715 | 780 | 820 |
| Total, Discretionary | 19,519 | 21,305 | 22,684 | 22,099 | 22,701 | 23,084 | 23,573 |
| Mandatory: | | | | | | | |
| International development, humanitarian assistance: | | | | | | | |
| Credit liquidating accounts | -1,585 | -1,300 | -1,177 | -1,132 | -1,151 | -1,108 | -1,045 |
| Receipts and other | -19 | -120 | -56 | -16 | -16 | -16 | -16 |
| Total, International development, humanitarian assistance | -1,604 | -1,420 | -1,233 | -1,148 | -1,167 | -1,124 | -1,061 |
| International security assistance: | | | | | | | |
| Repayment of foreign military financing loans | -367 | | | | | | |
| Foreign military loan reestimates | 5 | 189 | | | | | |
| Foreign military loan liquidating account | -186 | -590 | -506 | -403 | -345 | -275 | -276 |
| Total, International security assistance | -548 | -401 | -506 | -403 | -345 | -275 | -276 |
| Foreign affairs and information: | | | | | | | |
| Conduct of foreign affairs | -44 | 7 | 2 | 2 | 2 | 2 | 2 |
| U.S. Information Agency trust funds | | -1 | -1 | -1 | -1 | -1 | -1 |
| Miscellaneous trust funds | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Japan-U.S. Friendship Commission | 2 | 4 | 3 | 3 | 3 | 3 | 3 |
| Total, Foreign affairs and information | -40 | 12 | 6 | 6 | 6 | 7 | 7 |
| International financial programs: | | | | | | | |
| Foreign military sales trust fund (net) | 535 | | | | | | |
| International monetary fund | -167 | | | | | | |
| Exchange stabilization fund | -1,385 | -1,454 | -1,527 | -1,603 | -1,683 | -1,768 | -1,856 |
| Credit liquidating account (Exim) | -892 | -600 | -575 | -520 | -466 | -448 | -436 |
| Other international financial programs | -175 | -906 | -254 | -67 | -80 | -81 | -87 |
| Total, International financial programs | -2,084 | -2,960 | -2,356 | -2,190 | -2,229 | -2,297 | -2,379 |
| Total, Mandatory | -4,276 | -4,769 | -4,089 | -3,735 | -3,735 | -3,689 | -3,709 |
| Total, International affairs | 15,243 | 16,536 | 18,595 | 18,364 | 18,966 | 19,395 | 19,864 |
| 250 General science, space, and technology: | | | | | | | |
| Discretionary: | | | | | | | |
| General science and basic research: | | | | | | | |
| National Science Foundation programs | 3,188 | 3,439 | 3,713 | 3,836 | 4,016 | 4,059 | 4,141 |
| Department of Energy general science programs | 2,449 | 2,719 | 2,815 | 2,873 | 2,931 | 2,990 | 3,050 |
| Total, General science and basic research | 5,637 | 6,158 | 6,528 | 6,709 | 6,947 | 7,049 | 7,191 |
| Space flight, research, and supporting activities: | | | | | | | |
| Science, aeronautics and technology | 4,981 | 4,899 | 5,018 | 4,976 | 4,935 | 5,252 | 5,362 |
| Human space flight | 5,417 | 5,470 | 5,525 | 5,706 | 5,785 | 5,898 | 6,018 |
| Mission support | 1,986 | 2,135 | 2,198 | 2,307 | 2,358 | 2,433 | 2,515 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other NASA programs | 62 | 86 | 28 | 22 | 23 | 23 | 24 |
| Total, Space flight, research, and supporting activities | 12,446 | 12,590 | 12,769 | 13,011 | 13,101 | 13,606 | 13,919 |
| Total, Discretionary | 18,083 | 18,748 | 19,297 | 19,720 | 20,048 | 20,655 | 21,110 |
| Mandatory: | | | | | | | |
| General science and basic research: | | | | | | | |
| National Science Foundation donations | 42 | 102 | 66 | 34 | 34 | 34 | 34 |
| Total, General science, space, and technology | 18,125 | 18,850 | 19,363 | 19,754 | 20,082 | 20,689 | 21,144 |
| 270 Energy: | | | | | | | |
| Discretionary: | | | | | | | |
| Energy supply: | | | | | | | |
| Research and development | 1,350 | 1,210 | 1,194 | 1,261 | 1,271 | 1,256 | 1,242 |
| Naval petroleum reserves operations | 28 | 21 | 21 | | | | |
| Uranium enrichment activities | 228 | 209 | 253 | 257 | 263 | 268 | 273 |
| Decontamination transfer | -398 | -420 | -430 | -441 | -452 | -464 | -476 |
| Nuclear waste program | 169 | 140 | 239 | 244 | 249 | 255 | 260 |
| Federal power marketing | 223 | 214 | 213 | 219 | 227 | 232 | 240 |
| Rural electric and telephone discretionary loans | 82 | 83 | 62 | 53 | 47 | 45 | 46 |
| Non-defense environmental management and other | 417 | 311 | 315 | 316 | 323 | 331 | 392 |
| Total, Energy supply | 2,099 | 1,768 | 1,867 | 1,909 | 1,928 | 1,923 | 1,977 |
| Energy conservation and preparedness: | | | | | | | |
| Energy conservation | 586 | 690 | 740 | 763 | 779 | 796 | 812 |
| Emergency energy preparedness | 225 | 164 | 160 | 163 | 167 | 171 | 174 |
| Total, Energy conservation and preparedness | 811 | 854 | 900 | 926 | 946 | 967 | 986 |
| Energy information, policy, and regulation: | | | | | | | |
| Nuclear Regulatory Commission (NRC) | 37 | 22 | 324 | 334 | 345 | 356 | 367 |
| Federal Energy Regulatory Commission fees and recoveries, and other | -25 | -21 | -28 | -23 | -24 | -24 | -24 |
| Department of Energy departmental administration, OIG, and EIA administration | 207 | 199 | 204 | 215 | 223 | 233 | 238 |
| Total, Energy information, policy, and regulation | 219 | 200 | 500 | 526 | 544 | 565 | 581 |
| Total, Discretionary | 3,129 | 2,822 | 3,267 | 3,361 | 3,418 | 3,455 | 3,544 |
| Mandatory: | | | | | | | |
| Energy supply: | | | | | | | |
| Naval petroleum reserves oil and gas sales | -18 | -6 | -6 | -6 | | | |
| Federal power marketing | -779 | -548 | -620 | -731 | -714 | -818 | -746 |
| Tennessee Valley Authority | -49 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| Proceeds from uranium sales | -1 | | | | | | |
| United States Enrichment Corporation | 5 | | | | | | |
| Nuclear waste fund program | -662 | -663 | -550 | -550 | -550 | -545 | -535 |
| Rural electric and telephone liquidating accounts | -546 | -2,897 | -1,770 | -1,786 | -1,601 | -1,506 | -1,461 |
| Rural electric and telephone loan subsidy reestimates | -167 | | | | | | |
| Total, Mandatory | -2,217 | -4,473 | -3,759 | -3,924 | -3,699 | -4,012 | -3,971 |
| Total, Energy | 912 | -1,651 | -492 | -563 | -281 | -557 | -427 |
| 300 Natural resources and environment: | | | | | | | |
| Discretionary: | | | | | | | |
| Water resources: | | | | | | | |
| Corps of Engineers | 4,147 | 4,246 | 4,022 | 4,125 | 4,228 | 4,332 | 4,440 |
| Bureau of Reclamation | 763 | 984 | 780 | 803 | 823 | 841 | 866 |
| Watershed, flood prevention and other | 266 | 304 | 307 | 259 | 270 | 259 | 246 |
| Total, Water resources | 5,176 | 5,534 | 5,109 | 5,187 | 5,321 | 5,432 | 5,552 |
| Conservation and land management: | | | | | | | |
| Forest Service | 2,703 | 2,538 | 2,600 | 2,699 | 2,779 | 2,863 | 2,951 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Management of public lands (BLM) | 1,035 | 1,103 | 1,130 | 1,209 | 1,184 | 1,207 | 1,244 |
| Conservation of agricultural lands | 718 | 747 | 752 | 776 | 784 | 806 | 834 |
| Other conservation and land management programs | 588 | 546 | 589 | 562 | 564 | 615 | 630 |
| Total, Conservation and land management | 5,044 | 4,934 | 5,071 | 5,246 | 5,311 | 5,491 | 5,659 |
| Recreational resources: | | | | | | | |
| Operation of recreational resources | 2,942 | 2,936 | 3,040 | 3,071 | 3,221 | 3,338 | 3,435 |
| Other recreational resources activities | 89 | 158 | 190 | 212 | 209 | 214 | 221 |
| Total, Recreational resources | 3,031 | 3,094 | 3,230 | 3,283 | 3,430 | 3,552 | 3,656 |
| Pollution control and abatement: | | | | | | | |
| Regulatory, enforcement, and research programs | 2,716 | 2,741 | 2,766 | 2,822 | 2,893 | 2,974 | 3,057 |
| State and tribal assistance grants | 2,745 | 3,064 | 3,341 | 3,351 | 3,430 | 3,499 | 3,564 |
| Hazardous substance superfund | 1,577 | 1,479 | 1,424 | 1,439 | 1,501 | 1,569 | 1,627 |
| Other control and abatement activities | 142 | 143 | 143 | 147 | 152 | 156 | 159 |
| Total, Pollution control and abatement | 7,180 | 7,427 | 7,674 | 7,759 | 7,976 | 8,198 | 8,407 |
| Other natural resources: | | | | | | | |
| NOAA | 2,380 | 2,085 | 2,318 | 2,472 | 2,691 | 2,758 | 2,751 |
| Other natural resource program activities | 844 | 892 | 810 | 869 | 893 | 916 | 944 |
| Total, Other natural resources | 3,224 | 2,977 | 3,128 | 3,341 | 3,584 | 3,674 | 3,695 |
| Total, Discretionary | 23,655 | 23,966 | 24,212 | 24,816 | 25,622 | 26,347 | 26,969 |
| Mandatory: | | | | | | | |
| Water resources: | | | | | | | |
| Offsetting receipts and other mandatory water resource programs | -448 | 2 | -142 | -226 | -85 | -151 | -165 |
| Conservation and land management: | | | | | | | |
| Conservation Reserve Program and other | 1,808 | 1,976 | 1,996 | 2,086 | 2,035 | 2,089 | 2,078 |
| Other conservation programs | 477 | 493 | 524 | 519 | 514 | 515 | 518 |
| Offsetting receipts | -1,650 | -2,321 | -2,015 | -2,048 | -2,015 | -2,056 | -2,080 |
| Total, Conservation and land management | 635 | 148 | 505 | 557 | 534 | 548 | 516 |
| Recreational resources: | | | | | | | |
| Operation of recreational resources | 846 | 897 | 884 | 874 | 856 | 839 | 833 |
| Offsetting receipts | -379 | -382 | -396 | -305 | -282 | -288 | -298 |
| Total, Recreational resources | 467 | 515 | 488 | 569 | 574 | 551 | 535 |
| Pollution control and abatement: | | | | | | | |
| Superfund resources and other mandatory | -282 | -225 | -201 | -154 | -134 | -124 | -124 |
| Other natural resources: | | | | | | | |
| Fees and mandatory programs | -59 | 27 | -50 | -12 | -6 | -8 | -6 |
| Total, Mandatory | 313 | 467 | 600 | 734 | 883 | 816 | 756 |
| Total, Natural resources and environment | 23,968 | 24,433 | 24,812 | 25,550 | 26,505 | 27,163 | 27,725 |
| 350 Agriculture: | | | | | | | |
| Discretionary: | | | | | | | |
| Farm income stabilization: | | | | | | | |
| Agriculture credit loan program | 433 | 468 | 509 | 512 | 538 | 552 | 568 |
| P.L.480 market development activities | 370 | 773 | 182 | 171 | 181 | 185 | 189 |
| Administrative expenses | 839 | 810 | 892 | 915 | 938 | 962 | 986 |
| Total, Farm income stabilization | 1,642 | 2,051 | 1,583 | 1,598 | 1,657 | 1,699 | 1,743 |
| Agricultural research and services: | | | | | | | |
| Research programs | 1,299 | 1,384 | 1,448 | 1,397 | 1,455 | 1,510 | 1,549 |
| Extension programs | 407 | 451 | 423 | 432 | 444 | 456 | 465 |
| Marketing programs | 42 | 46 | 54 | 55 | 56 | 57 | 59 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Animal and plant inspection programs | 527 | 557 | 455 | 460 | 470 | 478 | 488 |
| Economic intelligence | 163 | 156 | 168 | 174 | 179 | 184 | 190 |
| Grain inspection | 26 | 26 | 27 | 27 | 28 | 28 | 29 |
| Foreign agricultural service | 129 | 104 | 112 | 117 | 120 | 124 | 127 |
| Other programs and unallocated overhead | 329 | 403 | 365 | 388 | 407 | 422 | 432 |
| Total, Agricultural research and services | 2,922 | 3,127 | 3,052 | 3,050 | 3,159 | 3,259 | 3,339 |
| Total, Discretionary | 4,564 | 5,178 | 4,635 | 4,648 | 4,816 | 4,958 | 5,082 |
| Mandatory: | | | | | | | |
| Farm income stabilization: | | | | | | | |
| Commodity Credit Corporation | 17,463 | 24,991 | 13,363 | 8,969 | 8,554 | 6,349 | 5,337 |
| Crop insurance and other farm credit activities | 1,640 | 2,169 | 1,872 | 1,727 | 1,854 | 1,923 | 1,971 |
| Credit liquidating accounts (ACIF and FAC) | -725 | -1,173 | -1,174 | -1,160 | -1,162 | -1,090 | -1,054 |
| Total, Farm income stabilization | 18,378 | 25,987 | 14,061 | 9,536 | 9,246 | 7,182 | 6,254 |
| Agricultural research and services: | | | | | | | |
| Miscellaneous mandatory programs | 231 | 269 | 355 | 445 | 636 | 573 | 538 |
| Offsetting receipts | -162 | -156 | -157 | -157 | -157 | -157 | -157 |
| Total, Agricultural research and services | 69 | 113 | 198 | 288 | 479 | 416 | 381 |
| Total, Mandatory | 18,447 | 26,100 | 14,259 | 9,824 | 9,725 | 7,598 | 6,635 |
| Total, Agriculture | 23,011 | 31,278 | 18,894 | 14,472 | 14,541 | 12,556 | 11,717 |
| 370 Commerce and housing credit: | | | | | | | |
| Discretionary: | | | | | | | |
| Mortgage credit: | | | | | | | |
| Federal Housing Administration (FHA) loan programs | 734 | 930 | 811 | 793 | 814 | 835 | 857 |
| Government National Mortgage Association (GNMA) | -346 | -332 | -347 | -346 | -346 | -345 | -345 |
| Other Housing and Urban Development | -157 | -76 | -121 | -121 | -119 | -118 | -116 |
| Rural housing insurance fund | 565 | 592 | 597 | 597 | 616 | 631 | 651 |
| Total, Mortgage credit | 796 | 1,114 | 940 | 923 | 965 | 1,003 | 1,047 |
| Postal service: | | | | | | | |
| Payments to the Postal Service fund (On-budget) | 29 | 100 | 102 | 104 | 106 | 108 | 110 |
| Deposit insurance: | | | | | | | |
| National Credit Union Administration | 2 | 1 | | | | | |
| Other advancement of commerce: | | | | | | | |
| Small and minority business assistance | 581 | 618 | 624 | 625 | 640 | 653 | 665 |
| Science and technology | 684 | 642 | 654 | 592 | 681 | 707 | 728 |
| Economic and demographic statistics | 1,212 | 4,426 | 4,698 | 5,095 | 5,250 | 5,411 | 5,576 |
| Regulatory agencies | -172 | -140 | -146 | -154 | -174 | -156 | -214 |
| International Trade Administration | 286 | 300 | 312 | 322 | 332 | 341 | 350 |
| Other discretionary | 91 | 108 | -160 | -69 | -35 | -45 | -60 |
| Total, Other advancement of commerce | 2,682 | 5,954 | 5,982 | 6,411 | 6,694 | 6,911 | 7,045 |
| Total, Discretionary | 3,509 | 7,169 | 7,024 | 7,438 | 7,765 | 8,022 | 8,202 |
| Mandatory: | | | | | | | |
| Mortgage credit: | | | | | | | |
| FHA General and Special Risk negative subsidies | -154 | -146 | -27 | -111 | -210 | -28 | -10 |
| FHA mutual mortgage insurance receipts | -3,559 | | | -3,696 | -3,789 | -4,137 | -4,663 |
| GNMA receipts | | -6,189 | -365 | -401 | -439 | -479 | -521 |
| Mortgage credit reestimates | 4,727 | | | | | | |
| FHA mutual mortgage insurance liquidating account | -319 | -3,937 | -4,542 | -1,564 | -1,686 | -1,858 | -1,950 |
| GNMA liquidating account | -335 | 5,826 | -74 | -4 | -3 | -1 | -1 |
| Other credit liquidating accounts | -996 | -1,169 | 522 | -1,019 | -897 | -1,121 | -1,214 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other mortgage credit activities | 204 | | 1 | | | | |
| Total, Mortgage credit | -432 | -5,615 | -4,485 | -6,795 | -7,024 | -7,624 | -8,359 |
| Postal service: | | | | | | | |
| Postal Service (Off-budget) | 1,021 | 1,498 | 447 | 1,270 | 198 | 142 | -270 |
| Deposit insurance: | | | | | | | |
| Bank Insurance Fund | -1,035 | 165 | -839 | -610 | -247 | 96 | 846 |
| FSLIC Resolution Fund | -3,583 | -906 | 1 | 143 | 16 | -88 | -88 |
| Savings Association Insurance Fund | -436 | -340 | -346 | -327 | -250 | -200 | 76 |
| National Credit Union Administration | -263 | -327 | -338 | -406 | -423 | -448 | -486 |
| Other deposit insurance activities | 35 | 29 | 28 | 35 | 36 | 37 | 38 |
| Total, Deposit insurance | -5,282 | -1,379 | -1,494 | -1,165 | -868 | -603 | 386 |
| Other advancement of commerce: | | | | | | | |
| Universal Service Fund | 3,293 | 5,757 | 4,913 | 5,567 | 6,139 | 6,783 | 7,482 |
| Payments to copyright owners | 174 | 455 | 89 | 268 | 147 | 115 | 246 |
| Spectrum auction subsidy | 1,369 | -1,779 | 6 | 6 | 6 | 6 | 6 |
| Regulatory fees | -25 | -23 | -24 | -24 | -24 | -24 | -24 |
| Credit liquidating accounts | -316 | -270 | -259 | -163 | -72 | -63 | -53 |
| Business loan program, subsidy reestimate | -695 | -301 | | | | | |
| Other mandatory | 31 | 44 | 40 | 38 | 32 | 31 | 31 |
| Total, Other advancement of commerce | 3,831 | 3,883 | 4,765 | 5,692 | 6,228 | 6,848 | 7,688 |
| Total, Mandatory | -862 | -1,613 | -767 | -998 | -1,466 | -1,237 | -555 |
| Total, Commerce and housing credit | 2,647 | 5,556 | 6,257 | 6,440 | 6,299 | 6,785 | 7,647 |
| 400 Transportation: | | | | | | | |
| Discretionary: | | | | | | | |
| Ground transportation: | | | | | | | |
| Highways | 21,468 | 24,259 | 26,162 | 27,217 | 27,895 | 28,590 | 29,277 |
| State infrastructure banks | 29 | 15 | 12 | 9 | 7 | 4 | 2 |
| Highway safety | 419 | 566 | 504 | 483 | 495 | 503 | 513 |
| Mass transit | 4,260 | 4,559 | 4,301 | 4,827 | 4,993 | 5,708 | 6,083 |
| Railroads | 436 | 874 | 744 | 760 | 770 | 795 | 814 |
| Regulation | 14 | 16 | 16 | 17 | 17 | 18 | 18 |
| Total, Ground transportation | 26,626 | 30,289 | 31,739 | 33,313 | 34,177 | 35,618 | 36,707 |
| Air transportation: | | | | | | | |
| Airports and airways (FAA) | 9,508 | 9,748 | 9,998 | 10,436 | 10,680 | 11,028 | 11,320 |
| Aeronautical research and technology | 1,217 | 853 | 1,022 | 1,052 | 1,069 | 1,124 | 1,152 |
| Payments to air carriers | -5 | -4 | 7 | | | | |
| Total, Air transportation | 10,720 | 10,597 | 11,027 | 11,488 | 11,749 | 12,152 | 12,472 |
| Water transportation: | | | | | | | |
| Marine safety and transportation | 3,042 | 2,949 | 3,049 | 3,088 | 3,145 | 3,227 | 3,316 |
| Ocean shipping | 30 | 150 | 103 | 17 | 118 | 125 | 127 |
| Panama Canal Commission | -73 | 47 | | | | | |
| Total, Water transportation | 2,999 | 3,146 | 3,152 | 3,105 | 3,263 | 3,352 | 3,443 |
| Other transportation: | | | | | | | |
| Department of Transportation administration and other | 241 | 281 | 253 | 262 | 279 | 292 | 300 |
| Total, Discretionary | 40,586 | 44,313 | 46,171 | 48,168 | 49,468 | 51,414 | 52,922 |
| Mandatory: | | | | | | | |
| Ground transportation: | | | | | | | |
| Highways | 1,499 | 1,466 | 1,359 | 1,227 | 1,095 | 977 | 900 |
| Offsetting receipts and credit subsidy reestimates | -44 | -86 | -21 | -21 | -21 | -21 | -21 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Credit liquidating accounts | -29 | -30 | -29 | -29 | -29 | -29 | -29 |
| Total, Ground transportation | 1,426 | 1,350 | 1,309 | 1,177 | 1,045 | 927 | 850 |
| Air transportation: | | | | | | | |
| Payments to air carriers | | 3 | 15 | 22 | 13 | 13 | 13 |
| Water transportation: | | | | | | | |
| Coast Guard retired pay | 669 | 693 | 761 | 818 | 869 | 919 | 970 |
| Other water transportation programs | -124 | 351 | 12 | -13 | 62 | 62 | 62 |
| Total, Water transportation | 545 | 1,044 | 773 | 805 | 931 | 981 | 1,032 |
| Other transportation: | | | | | | | |
| Sale of Governors Island | | | | -340 | | | |
| Other mandatory transportation programs | -26 | -35 | -36 | -34 | -35 | -36 | -37 |
| Total, Other transportation | -26 | -35 | -36 | -374 | -35 | -36 | -37 |
| Total, Mandatory | 1,945 | 2,362 | 2,061 | 1,630 | 1,954 | 1,885 | 1,858 |
| Total, Transportation | 42,531 | 46,675 | 48,232 | 49,798 | 51,422 | 53,299 | 54,780 |
| 450 Community and regional development: | | | | | | | |
| Discretionary: | | | | | | | |
| Community development: | | | | | | | |
| Community development block grant | 4,804 | 4,856 | 4,826 | 4,952 | 5,017 | 5,144 | 5,075 |
| Community development loan guarantees | 9 | 16 | 20 | 28 | 32 | 32 | 32 |
| Community adjustment and investment program | 1 | 14 | 10 | 10 | 10 | 10 | 11 |
| Community development financial institutions | 86 | 89 | 109 | 103 | 99 | 100 | 102 |
| Brownfields redevelopment | | 10 | 28 | 35 | 29 | 27 | 27 |
| Other community development programs | 291 | 428 | 423 | 453 | 449 | 460 | 467 |
| Total, Community development | 5,191 | 5,413 | 5,416 | 5,581 | 5,636 | 5,773 | 5,714 |
| Area and regional development: | | | | | | | |
| Rural development | 746 | 898 | 862 | 873 | 922 | 989 | 1,008 |
| Economic Development Administration | 381 | 433 | 423 | 416 | 403 | 403 | 412 |
| Indian programs | 1,047 | 1,046 | 1,127 | 1,170 | 1,240 | 1,270 | 1,300 |
| Appalachian Regional Commission | 141 | 151 | 113 | 65 | 52 | 62 | 70 |
| Tennessee Valley Authority | 51 | 53 | | | | | |
| Denali commission | 1 | 29 | 30 | 30 | 32 | 32 | 33 |
| Total, Area and regional development | 2,367 | 2,610 | 2,555 | 2,554 | 2,649 | 2,756 | 2,823 |
| Disaster relief and insurance: | | | | | | | |
| Disaster relief | 3,746 | 2,752 | 1,841 | 1,721 | 1,089 | 1,002 | 643 |
| Small Business Administration disaster loans | 316 | 317 | 299 | 303 | 304 | 297 | 303 |
| Other disaster assistance programs | 268 | 547 | 582 | 552 | 514 | 525 | 527 |
| Total, Disaster relief and insurance | 4,330 | 3,616 | 2,722 | 2,576 | 1,907 | 1,824 | 1,473 |
| Total, Discretionary | 11,888 | 11,639 | 10,693 | 10,711 | 10,192 | 10,353 | 10,010 |
| Mandatory: | | | | | | | |
| Community development: | | | | | | | |
| Pennsylvania Avenue activities and other programs | -9 | 20 | | | | | |
| Credit liquidating accounts | -66 | -32 | -32 | -33 | -23 | -15 | -12 |
| Total, Community development | -75 | -12 | -32 | -33 | -23 | -15 | -12 |
| Area and regional development: | | | | | | | |
| Indian programs | 442 | 180 | 151 | 156 | 161 | 167 | 172 |
| Rural development programs | 107 | 31 | 78 | 47 | 41 | 39 | 37 |
| Credit liquidating accounts | -213 | -109 | -311 | -213 | -415 | -427 | -480 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|--------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Offsetting receipts | -376 | -189 | -139 | -143 | -148 | -152 | -157 |
| Total, Area and regional development | -40 | -87 | -221 | -153 | -361 | -373 | -428 |
| Disaster relief and insurance: | | | | | | | |
| National flood insurance fund | -66 | -275 | -333 | -402 | -481 | -566 | -658 |
| National flood mitigation fund | 8 | 18 | 25 | 24 | 22 | 20 | 20 |
| Radiological emergency preparedness fees | -2 | | | | | | |
| Disaster loans program account | 337 | 68 | | | | | |
| SBA disaster loan subsidy reestimates | -10 | | | | | | |
| Credit liquidating accounts | -170 | -235 | -76 | -210 | -8 | -8 | -8 |
| Total, Disaster relief and insurance | 97 | -424 | -384 | -588 | -467 | -554 | -646 |
| Total, Mandatory | -18 | -523 | -637 | -774 | -851 | -942 | -1,086 |
| Total, Community and regional development | 11,870 | 11,116 | 10,056 | 9,937 | 9,341 | 9,411 | 8,924 |
| 500 Education, training, employment, and social services: | | | | | | | |
| Discretionary: | | | | | | | |
| Elementary, secondary, and vocational education: | | | | | | | |
| Education reform | 887 | 1,125 | 1,475 | 1,704 | 1,790 | 1,843 | 1,884 |
| Education for the disadvantaged | 7,554 | 8,379 | 8,551 | 8,843 | 9,022 | 9,203 | 9,387 |
| Impact aid | 1,081 | 1,034 | 927 | 945 | 959 | 978 | 997 |
| School improvement | 1,326 | 2,527 | 2,771 | 3,118 | 3,188 | 3,170 | 3,234 |
| Bilingual and immigrant education | 311 | 497 | 401 | 414 | 422 | 430 | 439 |
| Special education | 4,444 | 5,432 | 5,805 | 6,092 | 6,243 | 6,368 | 6,496 |
| Vocational and adult education | 1,362 | 1,547 | 1,640 | 1,700 | 1,740 | 1,774 | 1,810 |
| Reading excellence | | 133 | 208 | 249 | 267 | 272 | 277 |
| Indian education | 612 | 624 | 637 | 672 | 689 | 706 | 722 |
| Other | 10 | 15 | 14 | 11 | 11 | 11 | 11 |
| Total, Elementary, secondary, and vocational education | 17,587 | 21,313 | 22,429 | 23,748 | 24,331 | 24,755 | 25,257 |
| Higher education: | | | | | | | |
| Student financial assistance | 9,125 | 9,363 | 9,667 | 9,653 | 9,703 | 9,753 | 9,891 |
| Higher education | 855 | 1,468 | 1,481 | 1,527 | 1,588 | 1,620 | 1,652 |
| Federal family education loan program | 52 | 47 | 59 | 62 | 65 | 66 | 67 |
| Other higher education programs | 352 | 330 | 378 | 387 | 397 | 405 | 412 |
| Total, Higher education | 10,384 | 11,208 | 11,585 | 11,629 | 11,753 | 11,844 | 12,022 |
| Research and general education aids: | | | | | | | |
| Library of Congress | 284 | 272 | 297 | 309 | 318 | 329 | 338 |
| Public broadcasting | 298 | 344 | 388 | 402 | 412 | 420 | 428 |
| Smithsonian institution | 485 | 553 | 547 | 565 | 593 | 611 | 632 |
| Education research, statistics, and improvement | 479 | 690 | 603 | 605 | 616 | 627 | 640 |
| Other | 753 | 852 | 821 | 846 | 869 | 893 | 916 |
| Total, Research and general education aids | 2,299 | 2,711 | 2,656 | 2,727 | 2,808 | 2,880 | 2,954 |
| Training and employment: | | | | | | | |
| Training and employment services | 4,675 | 5,347 | 5,600 | 5,420 | 5,614 | 5,767 | 5,884 |
| Older Americans employment | 441 | 440 | 441 | 450 | 460 | 468 | 477 |
| Federal-State employment service | 1,198 | 1,301 | 1,268 | 1,273 | 1,313 | 1,340 | 1,366 |
| Other employment and training | 91 | 106 | 109 | 109 | 112 | 115 | 120 |
| Total, Training and employment | 6,405 | 7,194 | 7,418 | 7,252 | 7,499 | 7,690 | 7,847 |
| Other labor services: | | | | | | | |
| Labor law, statistics, and other administration | 1,076 | 1,179 | 1,284 | 1,310 | 1,352 | 1,397 | 1,442 |
| Social services: | | | | | | | |
| National Service | 609 | 698 | 782 | 866 | 663 | 689 | 701 |
| Children and families services programs | 5,703 | 6,214 | 6,573 | 7,002 | 7,148 | 7,227 | 7,338 |
| Aging services program | 879 | 886 | 930 | 959 | 983 | 1,004 | 1,024 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other | 179 | 568 | 374 | 382 | 390 | 398 | 405 |
| Total, Social services | 7,370 | 8,366 | 8,659 | 9,209 | 9,184 | 9,318 | 9,468 |
| Total, Discretionary | 45,121 | 51,971 | 54,031 | 55,875 | 56,927 | 57,884 | 58,990 |
| Mandatory: | | | | | | | |
| Elementary, secondary, and vocational education: | | | | | | | |
| Vocational and adult education | 2 | | | | | | |
| Higher education: | | | | | | | |
| Federal family education loan program | 2,753 | 3,984 | 3,503 | 2,613 | 3,607 | 3,276 | 3,302 |
| Federal direct loan program | -93 | -2,751 | 115 | 291 | 287 | 483 | 596 |
| Other higher education programs | -98 | -80 | -77 | -76 | -76 | -72 | -70 |
| Credit liquidating account (Family education loan program) | -1,163 | -707 | -629 | -517 | -420 | -326 | -244 |
| Total, Higher education | 1,399 | 446 | 2,912 | 2,311 | 3,398 | 3,361 | 3,584 |
| Research and general education aids: | | | | | | | |
| Mandatory programs | 19 | 41 | 44 | 23 | 19 | 19 | 20 |
| Training and employment: | | | | | | | |
| Trade adjustment assistance | 100 | 130 | 131 | 120 | 102 | 95 | 96 |
| Welfare to work grants | 267 | 960 | 1,370 | 130 | 16 | | |
| Payments to States for AFDC work programs | 9 | 8 | 5 | | | | |
| Other training and employment | | 22 | 41 | 48 | 23 | 6 | |
| Total, Training and employment | 376 | 1,120 | 1,547 | 298 | 141 | 101 | 96 |
| Other labor services: | | | | | | | |
| Other labor services | 2 | 5 | 5 | | | | |
| Social services: | | | | | | | |
| Payments to States for foster care and adoption assistance | 4,707 | 5,495 | 6,293 | 6,899 | 7,469 | 8,113 | 8,842 |
| Family support and preservation | 248 | 286 | 288 | 301 | 304 | 305 | 305 |
| Social services block grant | 1,993 | 1,623 | 1,932 | 1,710 | 1,710 | 1,710 | 1,710 |
| Rehabilitation services | 2,536 | 2,278 | 2,381 | 2,437 | 2,496 | 2,560 | 2,627 |
| Other social services | -1 | | | | | | |
| Total, Social services | 9,483 | 9,682 | 10,894 | 11,347 | 11,979 | 12,688 | 13,484 |
| Total, Mandatory | 11,281 | 11,294 | 15,402 | 13,979 | 15,537 | 16,169 | 17,184 |
| Total, Education, training, employment, and social services | 56,402 | 63,265 | 69,433 | 69,854 | 72,464 | 74,053 | 76,174 |
| 550 Health: | | | | | | | |
| Discretionary: | | | | | | | |
| Health care services: | | | | | | | |
| Substance abuse and mental health services | 2,214 | 2,451 | 2,575 | 2,623 | 2,742 | 2,814 | 2,885 |
| Indian health | 2,163 | 2,346 | 2,480 | 2,513 | 2,561 | 2,633 | 2,700 |
| Health Resources and Services Administration | 3,455 | 3,962 | 4,238 | 4,390 | 4,445 | 4,531 | 4,624 |
| Disease control, research, and training | 2,205 | 2,459 | 2,710 | 2,791 | 2,851 | 2,915 | 2,978 |
| Departmental management and other | 366 | 939 | 668 | 850 | 909 | 939 | 968 |
| Total, Health care services | 10,403 | 12,157 | 12,671 | 13,167 | 13,508 | 13,832 | 14,155 |
| Health research and training: | | | | | | | |
| National Institutes of Health | 13,790 | 15,503 | 17,779 | 19,038 | 19,448 | 20,157 | 20,884 |
| Clinical training | 283 | 333 | 342 | 357 | 361 | 368 | 376 |
| Other health research and training | 295 | 347 | 351 | 369 | 377 | 388 | 399 |
| Total, Health research and training | 14,368 | 16,183 | 18,472 | 19,764 | 20,186 | 20,913 | 21,659 |
| Consumer and occupational health and safety: | | | | | | | |
| Food safety and inspection | 600 | 649 | 678 | 706 | 733 | 761 | 790 |
| Occupational safety and health | 575 | 611 | 658 | 661 | 682 | 703 | 724 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| FDA and Consumer Products Safety Commission salaries and expenses | 994 | 1,095 | 1,169 | 1,184 | 1,217 | 1,244 | 1,280 |
| Total, Consumer and occupational health and safety | 2,169 | 2,355 | 2,505 | 2,551 | 2,632 | 2,708 | 2,794 |
| Total, Discretionary | 26,940 | 30,695 | 33,648 | 35,482 | 36,326 | 37,453 | 38,608 |
| Mandatory: | | | | | | | |
| Health care services: | | | | | | | |
| Medicaid grants | 108,042 | 116,117 | 124,175 | 133,968 | 144,900 | 156,610 | 169,763 |
| State children's health insurance fund | 565 | 1,300 | 1,905 | 2,505 | 3,000 | 3,100 | 3,100 |
| Federal employees' and retired employees' health benefits | 4,851 | 5,178 | 5,530 | 6,073 | 6,506 | 7,221 | 7,880 |
| UMWA Funds (coal miner retiree health) | 229 | 183 | 205 | 188 | 179 | 171 | 164 |
| Other mandatory health services activities | 436 | 436 | 459 | 434 | 431 | 425 | 436 |
| Total, Health care services | 114,123 | 123,214 | 132,274 | 143,168 | 155,016 | 167,527 | 181,343 |
| Health research and safety: | | | | | | | |
| Health research and training | 14 | 51 | 37 | 37 | 36 | 13 | 7 |
| Consumer and occupational health and safety | 2 | | | | | | |
| Total, Health research and safety | 16 | 51 | 37 | 37 | 36 | 13 | 7 |
| Total, Mandatory | 114,139 | 123,265 | 132,311 | 143,205 | 155,052 | 167,540 | 181,350 |
| Total, Health | 141,079 | 153,960 | 165,959 | 178,687 | 191,378 | 204,993 | 219,958 |
| 570 Medicare: | | | | | | | |
| Discretionary: | | | | | | | |
| Medicare: | | | | | | | |
| Hospital insurance (HI) administrative expenses | 1,248 | 1,338 | 1,410 | 1,471 | 1,531 | 1,596 | 1,642 |
| Supplementary medical insurance (SMI) administrative expenses | 1,505 | 1,700 | 1,761 | 1,826 | 1,895 | 1,969 | 2,048 |
| Total, Discretionary | 2,753 | 3,038 | 3,171 | 3,297 | 3,426 | 3,565 | 3,690 |
| Mandatory: | | | | | | | |
| Medicare: | | | | | | | |
| Hospital insurance (HI) | 129,510 | 132,392 | 143,612 | 147,638 | 157,538 | 165,895 | 179,151 |
| Supplementary medical insurance (SMI) | 79,012 | 87,976 | 97,057 | 100,455 | 111,096 | 118,860 | 130,321 |
| Health care fraud and abuse control | 742 | 864 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Medicare premiums, collections, and interfunds | -21,570 | -21,757 | -23,368 | -25,427 | -27,821 | -30,427 | -33,095 |
| Total, Mandatory | 187,694 | 199,475 | 218,251 | 223,676 | 241,888 | 255,403 | 277,452 |
| Total, Medicare | 190,447 | 202,513 | 221,422 | 226,973 | 245,314 | 258,968 | 281,142 |
| 600 Income security: | | | | | | | |
| Discretionary: | | | | | | | |
| General retirement and disability insurance: | | | | | | | |
| Railroad retirement | 281 | 266 | 277 | 278 | 283 | 287 | 291 |
| Pension Benefit Guaranty Corporation | 11 | 11 | 12 | 12 | 12 | 13 | 13 |
| Pension and Welfare Benefits Administration and other | 94 | 98 | 105 | 108 | 110 | 114 | 117 |
| Total, General retirement and disability insurance | 386 | 375 | 394 | 398 | 405 | 414 | 421 |
| Federal employee retirement and disability: | | | | | | | |
| Civilian retirement and disability program administrative expenses | 80 | 85 | 88 | 91 | 94 | 97 | 100 |
| Armed forces retirement home | 73 | 64 | 69 | 68 | 73 | 77 | 79 |
| Foreign service national separation liability trust fund | 11 | | | | | | |
| Total, Federal employee retirement and disability | 164 | 149 | 157 | 159 | 167 | 174 | 179 |
| Unemployment compensation: | | | | | | | |
| Unemployment programs administrative expenses | 2,275 | 2,270 | 2,481 | 2,771 | 2,948 | 3,007 | 3,075 |
| Housing assistance: | | | | | | | |
| Public housing operating fund | 2,876 | 2,972 | 3,164 | 3,233 | 3,297 | 3,363 | 3,431 |
| Public housing capital fund | 3,080 | 3,159 | 3,331 | 2,755 | 2,934 | 3,323 | 3,357 |
| Subsidized, public, homeless and other HUD housing | 21,057 | 22,356 | 23,281 | 23,977 | 24,402 | 24,667 | 25,020 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Rural housing assistance | 632 | 689 | 722 | 751 | 774 | 804 | 826 |
| Total, Housing assistance | 27,645 | 29,176 | 30,498 | 30,716 | 31,407 | 32,157 | 32,634 |
| Food and nutrition assistance: | | | | | | | |
| Special supplemental food program for women, infants, and children (WIC) | 3,942 | 4,058 | 4,115 | 4,190 | 4,274 | 4,359 | 4,447 |
| Other nutrition programs | 505 | 519 | 541 | 542 | 555 | 567 | 581 |
| Total, Food and nutrition assistance | 4,447 | 4,577 | 4,656 | 4,732 | 4,829 | 4,926 | 5,028 |
| Other income assistance: | | | | | | | |
| Refugee assistance | 332 | 444 | 454 | 461 | 471 | 480 | 489 |
| Low income home energy assistance | 1,176 | 1,242 | 1,109 | 1,123 | 1,143 | 1,166 | 1,189 |
| Child care and development block grant | 1,032 | 1,147 | 1,175 | 1,199 | 1,223 | 1,247 | 1,272 |
| Supplemental security income (SSI) administrative expenses | 2,497 | 2,359 | 2,461 | 2,513 | 2,591 | 2,670 | 2,752 |
| Total, Other income assistance | 5,037 | 5,192 | 5,199 | 5,296 | 5,428 | 5,563 | 5,702 |
| Total, Discretionary | 39,954 | 41,739 | 43,385 | 44,072 | 45,184 | 46,241 | 47,039 |
| Mandatory: | | | | | | | |
| General retirement and disability insurance: | | | | | | | |
| Railroad retirement | 4,242 | 4,392 | 4,603 | 4,585 | 4,678 | 4,788 | 4,903 |
| Special benefits for disabled coal miners | 1,043 | 1,012 | 962 | 920 | 873 | 825 | 779 |
| Pension Benefit Guaranty Corporation | -676 | -1,135 | -1,513 | -1,363 | -1,476 | -1,492 | -1,473 |
| District of Columbia pension funds | 202 | 243 | 250 | 260 | 268 | 276 | 285 |
| Proceeds from sale of DC retirement fund assets | -3,398 | | | | | | |
| Special workers' compensation program | 141 | 155 | 146 | 149 | 149 | 150 | 149 |
| Total, General retirement and disability insurance | 1,554 | 4,667 | 4,448 | 4,551 | 4,492 | 4,547 | 4,643 |
| Federal employee retirement and disability: | | | | | | | |
| Federal civilian employee retirement and disability | 44,297 | 45,874 | 48,013 | 50,311 | 52,745 | 55,820 | 58,936 |
| Military retirement | 31,889 | 32,941 | 33,914 | 34,866 | 35,840 | 36,835 | 37,836 |
| Federal employees workers' compensation (FECA) | 151 | 114 | 135 | 147 | 161 | 168 | 173 |
| Federal employees life insurance fund | -1,355 | -1,368 | -1,289 | -1,237 | -1,176 | -1,064 | -990 |
| Total, Federal employee retirement and disability | 74,982 | 77,561 | 80,773 | 84,087 | 87,570 | 91,759 | 95,955 |
| Unemployment compensation: | | | | | | | |
| Unemployment insurance programs | 21,130 | 21,566 | 24,361 | 28,488 | 31,712 | 33,002 | 34,185 |
| Trade adjustment assistance | 226 | 259 | 275 | 249 | 227 | 235 | 243 |
| Total, Unemployment compensation | 21,356 | 21,825 | 24,636 | 28,737 | 31,939 | 33,237 | 34,428 |
| Housing assistance: | | | | | | | |
| Mandatory housing assistance programs | 32 | 45 | 45 | -28 | -38 | -49 | -55 |
| Food and nutrition assistance: | | | | | | | |
| Food stamps (including Puerto Rico) | 19,003 | 19,723 | 21,013 | 22,099 | 23,133 | 23,988 | 24,792 |
| State child nutrition programs | 8,865 | 9,339 | 9,875 | 10,416 | 10,881 | 11,373 | 11,891 |
| Funds for strengthening markets, income, and supply (Sec.32) | 832 | 535 | 537 | 537 | 537 | 537 | 537 |
| Total, Food and nutrition assistance | 28,700 | 29,597 | 31,425 | 33,052 | 34,551 | 35,898 | 37,220 |
| Other income support: | | | | | | | |
| Supplemental security income (SSI) | 28,175 | 29,304 | 30,561 | 31,904 | 33,269 | 34,673 | 38,695 |
| Family support payments | 2,756 | 3,053 | 3,059 | 3,299 | 3,553 | 3,831 | 4,055 |
| Federal share of child support collections | -868 | -851 | -850 | -820 | -865 | -874 | -853 |
| Temporary assistance for needy families and related programs | 14,161 | 14,996 | 15,742 | 16,522 | 17,323 | 17,933 | 18,284 |
| Child care entitlement to states | 2,254 | 2,420 | 2,556 | 2,685 | 2,717 | 2,717 | 2,717 |
| Earned income tax credit (EITC) | 25,632 | 25,676 | 25,799 | 26,876 | 27,638 | 28,701 | 29,722 |
| Child tax credit | 445 | 550 | 520 | 505 | 460 | 450 | 420 |
| Other assistance | 53 | 62 | 55 | 53 | 61 | 60 | 60 |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| SSI recoveries and receipts | -1,479 | -1,548 | -1,612 | -1,679 | -1,745 | -1,814 | -2,009 |
| Total, Other income support | 71,129 | 73,662 | 75,830 | 79,345 | 82,411 | 85,677 | 91,091 |
| Total, Mandatory | 197,753 | 207,357 | 217,157 | 229,744 | 240,925 | 251,069 | 263,282 |
| Total, Income security | 237,707 | 249,096 | 260,542 | 273,816 | 286,109 | 297,310 | 310,321 |
| 650 Social security: | | | | | | | |
| Discretionary: | | | | | | | |
| Social security: | | | | | | | |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .. | 1,574 | 1,844 | 1,912 | 1,935 | 1,919 | 1,979 | 2,040 |
| Disability insurance (DI) administrative expenses (Off-budget) | 1,472 | 1,435 | 1,502 | 1,565 | 1,550 | 1,597 | 1,646 |
| Office of the Inspector General—Social Security Adm. (On-budget) | 4 | 14 | 15 | 16 | 16 | 17 | 18 |
| Total, Discretionary | 3,050 | 3,293 | 3,429 | 3,516 | 3,485 | 3,593 | 3,704 |
| Mandatory: | | | | | | | |
| Social security: | | | | | | | |
| Old-age and survivors insurance (OASI)(Off-budget) | 336,332 | 349,127 | 364,796 | 379,730 | 396,655 | 414,880 | 434,736 |
| Disability insurance (DI)(Off-budget) | 50,659 | 54,204 | 58,523 | 63,252 | 68,644 | 74,805 | 81,496 |
| Quinquennial OASI and DI adjustments (On-budget) | | | -1,152 | | | | |
| Intragovernmental transactions (On-budget) | 10,824 | 11,664 | 10,985 | 11,494 | 12,048 | 12,813 | 13,725 |
| Intragovernmental transactions (Off-budget) | -10,824 | -11,663 | -10,985 | -11,494 | -12,048 | -12,813 | -13,725 |
| Total, Mandatory | 386,991 | 403,332 | 422,167 | 442,982 | 465,299 | 489,685 | 516,232 |
| Total, Social security | 390,041 | 406,625 | 425,596 | 446,498 | 468,784 | 493,278 | 519,936 |
| 700 Veterans benefits and services: | | | | | | | |
| Discretionary: | | | | | | | |
| Income security for veterans: | | | | | | | |
| Special benefits for certain World War II veterans | | 3 | 3 | 3 | 3 | 4 | 4 |
| Veterans education, training, and rehabilitation: | | | | | | | |
| Loan fund program account | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Veterans employment and training | | -1 | 1 | | | | |
| Total, Veterans education, training, and rehabilitation | 1 | | 2 | 1 | 1 | 1 | 1 |
| Hospital and medical care for veterans: | | | | | | | |
| Medical care and hospital services | 18,225 | 18,804 | 20,896 | 21,113 | 21,753 | 22,409 | 23,087 |
| Collections for medical care | -574 | -600 | -608 | -612 | -622 | -632 | -642 |
| Construction of medical facilities | 518 | 423 | 397 | 357 | 335 | 332 | 337 |
| Total, Hospital and medical care for veterans | 18,169 | 18,627 | 20,685 | 20,858 | 21,466 | 22,109 | 22,782 |
| Veterans housing: | | | | | | | |
| Housing program loan administrative expenses | 160 | 158 | 165 | 170 | 176 | 182 | 188 |
| Other veterans benefits and services: | | | | | | | |
| National Cemetery Administration | 89 | 94 | 103 | 104 | 108 | 111 | 114 |
| General operating expenses | 867 | 945 | 990 | 988 | 1,013 | 1,038 | 1,064 |
| Other operating expenses | 88 | 94 | 115 | 121 | 135 | 139 | 143 |
| Total, Other veterans benefits and services | 1,044 | 1,133 | 1,208 | 1,213 | 1,256 | 1,288 | 1,321 |
| Total, Discretionary | 19,374 | 19,921 | 22,063 | 22,245 | 22,902 | 23,584 | 24,296 |
| Mandatory: | | | | | | | |
| Income security for veterans: | | | | | | | |
| Compensation | 17,963 | 18,958 | 19,672 | 20,324 | 20,972 | 21,639 | 23,830 |
| Proposed Legislation (non-PAYGO) | | | 311 | 767 | 1,203 | 1,685 | 2,174 |
| Subtotal, Compensation | 17,963 | 18,958 | 19,983 | 21,091 | 22,175 | 23,324 | 26,004 |
| Pensions | 3,076 | 3,053 | 3,061 | 3,065 | 3,561 | 3,581 | 3,930 |
| Burial benefits and miscellaneous assistance | 109 | 135 | 142 | 136 | 137 | 138 | 137 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| National service life insurance trust fund | 1,201 | 1,259 | 1,267 | 1,283 | 1,291 | 1,303 | 1,303 |
| All other insurance programs | 14 | 35 | 28 | 103 | 88 | 80 | 77 |
| Insurance program receipts | -210 | -191 | -180 | -169 | -158 | -146 | -134 |
| Total, Income security for veterans | 22,153 | 23,249 | 24,301 | 25,509 | 27,094 | 28,280 | 31,317 |
| Veterans education, training, and rehabilitation: | | | | | | | |
| Readjustment benefits (Montgomery GI Bill and other related programs) | 1,445 | 1,491 | 1,719 | 1,671 | 1,661 | 1,663 | 1,695 |
| Post-Vietnam era education | 14 | 18 | 17 | 16 | 15 | 14 | 14 |
| All-volunteer force educational assistance trust fund | -187 | -254 | -261 | -252 | -239 | -227 | -213 |
| Total, Veterans education, training, and rehabilitation | 1,272 | 1,255 | 1,475 | 1,435 | 1,437 | 1,450 | 1,496 |
| Hospital and medical care for veterans: | | | | | | | |
| Fees, charges and other mandatory medical care | -1 | | | | | | |
| Veterans housing: | | | | | | | |
| Housing program loan subsidies | 1,389 | 1,320 | 172 | 149 | 330 | 355 | 349 |
| Housing program loan reestimates | -619 | -730 | | | | | |
| Housing program loan liquidating account | -370 | -138 | -90 | -64 | -48 | -38 | -31 |
| Total, Veterans housing | 400 | 452 | 82 | 85 | 282 | 317 | 318 |
| Other veterans programs: | | | | | | | |
| National homes, Battle Monument contributions and other | 14 | 119 | 42 | 30 | 31 | 33 | 32 |
| Total, Mandatory | 23,838 | 25,075 | 25,900 | 27,059 | 28,844 | 30,080 | 33,163 |
| Total, Veterans benefits and services | 43,212 | 44,996 | 47,963 | 49,304 | 51,746 | 53,664 | 57,459 |
| 750 Administration of justice: | | | | | | | |
| Discretionary: | | | | | | | |
| Federal law enforcement activities: | | | | | | | |
| Criminal investigations (DEA, FBI, FinCEN, ICDE) | 4,316 | 4,269 | 4,220 | 4,686 | 4,881 | 5,025 | 5,175 |
| Alcohol, tobacco, and firearms investigations (ATF) | 553 | 563 | 594 | 609 | 621 | 642 | 663 |
| Border enforcement activities (Customs and INS) | 4,426 | 5,065 | 5,120 | 4,986 | 5,261 | 5,423 | 5,589 |
| Equal Employment Opportunity Commission | 256 | 261 | 289 | 293 | 299 | 305 | 310 |
| Tax law, criminal investigations (IRS) | 366 | 393 | 400 | 414 | 428 | 442 | 457 |
| Other law enforcement activities | 1,491 | 1,464 | 1,588 | 1,651 | 1,676 | 1,725 | 1,774 |
| Total, Federal law enforcement activities | 11,408 | 12,015 | 12,211 | 12,639 | 13,166 | 13,562 | 13,968 |
| Federal litigative and judicial activities: | | | | | | | |
| Civil and criminal prosecution and representation | 2,635 | 2,571 | 2,760 | 2,902 | 3,007 | 3,100 | 3,193 |
| Representation of indigents in civil cases | 298 | 303 | 310 | 315 | 322 | 328 | 335 |
| Federal judicial and other litigative activities | 3,519 | 3,822 | 3,925 | 4,009 | 4,118 | 4,224 | 4,342 |
| Total, Federal litigative and judicial activities | 6,452 | 6,696 | 6,995 | 7,226 | 7,447 | 7,652 | 7,870 |
| Correctional activities: | | | | | | | |
| Federal prison system and detention trustee program | 3,215 | 3,560 | 3,732 | 3,895 | 4,037 | 4,042 | 4,146 |
| Criminal justice assistance: | | | | | | | |
| Law enforcement assistance, violent crime reduction, community policing | 3,912 | 3,009 | 6,425 | 5,181 | 4,629 | 4,270 | 4,355 |
| Total, Discretionary | 24,987 | 25,280 | 29,363 | 28,941 | 29,279 | 29,526 | 30,339 |
| Mandatory: | | | | | | | |
| Federal law enforcement activities: | | | | | | | |
| Assets forfeiture fund | 473 | 499 | 398 | 403 | 403 | 403 | 403 |
| Border enforcement activities (Customs and INS) | 1,483 | 1,627 | 1,622 | 1,672 | 1,708 | 1,747 | 1,787 |
| Customs and INS fees | -2,480 | -2,716 | -2,736 | -2,699 | -2,779 | -1,382 | -1,385 |
| Other mandatory law enforcement programs | 594 | 551 | 430 | 440 | 442 | 445 | 448 |
| Total, Federal law enforcement activities | 70 | -39 | -286 | -184 | -226 | 1,213 | 1,253 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Federal litigative and judicial activities: | | | | | | | |
| Federal judicial officers salaries and expenses and other mandatory programs | 502 | 750 | 554 | 504 | 506 | 518 | 535 |
| Correctional activities: | | | | | | | |
| Mandatory programs | -11 | -2 | -8 | -8 | -7 | -5 | -4 |
| Criminal justice assistance: | | | | | | | |
| Crime victims fund | 348 | 749 | 1,211 | 448 | 350 | 350 | 350 |
| Public safety officers' benefits | 28 | 33 | 33 | 34 | 34 | 35 | 35 |
| Total, Criminal justice assistance | 376 | 782 | 1,244 | 482 | 384 | 385 | 385 |
| Total, Mandatory | 937 | 1,491 | 1,504 | 794 | 657 | 2,111 | 2,169 |
| Total, Administration of justice | 25,924 | 26,771 | 30,867 | 29,735 | 29,936 | 31,637 | 32,508 |
| 800 General government: | | | | | | | |
| Discretionary: | | | | | | | |
| Legislative functions: | | | | | | | |
| Legislative branch discretionary programs | 1,996 | 2,246 | 2,276 | 2,240 | 2,304 | 2,377 | 2,444 |
| Executive direction and management: | | | | | | | |
| Drug control programs | 308 | 281 | 352 | 379 | 387 | 395 | 402 |
| Executive Office of the President | 294 | 267 | 286 | 293 | 300 | 308 | 315 |
| Presidential transition and former Presidents | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total, Executive direction and management | 604 | 550 | 640 | 674 | 689 | 705 | 719 |
| Central fiscal operations: | | | | | | | |
| Tax administration | 7,825 | 8,020 | 8,076 | 8,272 | 8,529 | 8,823 | 9,058 |
| Other fiscal operations | 536 | 707 | 735 | 783 | 801 | 820 | 847 |
| Total, Central fiscal operations | 8,361 | 8,727 | 8,811 | 9,055 | 9,330 | 9,643 | 9,905 |
| General property and records management: | | | | | | | |
| Real property activities | -220 | 178 | 187 | 195 | 235 | 97 | -22 |
| Records management | 224 | 189 | 208 | 199 | 212 | 215 | 220 |
| Other general and records management | 237 | 346 | 205 | 215 | 178 | 187 | 195 |
| Total, General property and records management | 241 | 713 | 600 | 609 | 625 | 499 | 393 |
| Central personnel management: | | | | | | | |
| Discretionary central personnel management programs | 156 | 156 | 162 | 172 | 177 | 183 | 188 |
| General purpose fiscal assistance: | | | | | | | |
| Payments and loans to the District of Columbia | 556 | 409 | 347 | 353 | 361 | 368 | 375 |
| Payments to States and counties from Federal land management activities | 11 | 11 | 11 | 11 | 12 | 12 | 12 |
| Payments in lieu of taxes | 125 | 134 | 137 | 139 | 142 | 145 | 148 |
| Other | 10 | 3 | | | | | |
| Total, General purpose fiscal assistance | 702 | 557 | 495 | 503 | 515 | 525 | 535 |
| Other general government: | | | | | | | |
| Discretionary programs | 352 | 280 | 283 | 300 | 284 | 289 | 297 |
| Total, Discretionary | 12,412 | 13,229 | 13,267 | 13,553 | 13,924 | 14,221 | 14,481 |
| Mandatory: | | | | | | | |
| Legislative functions: | | | | | | | |
| Congressional members compensation and other | 97 | 103 | 100 | 98 | 101 | 142 | 99 |
| Central fiscal operations: | | | | | | | |
| Federal financing bank | 1,129 | 21 | 22 | 24 | 25 | 27 | 31 |
| Other mandatory programs | -11 | 44 | 21 | 32 | 39 | 40 | 43 |
| Total, Central fiscal operations | 1,118 | 65 | 43 | 56 | 64 | 67 | 74 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| General property and records management: | | | | | | | |
| Mandatory programs | -41 | 18 | 23 | 22 | -1 | -2 | |
| Offsetting receipts | -25 | -24 | -69 | -33 | -28 | -27 | |
| Total, General property and records management | -66 | -6 | -46 | -11 | -32 | -29 | |
| General purpose fiscal assistance: | | | | | | | |
| Payments and loans to the District of Columbia | 13 | | | | | | |
| Payments to States and counties | 788 | 995 | 884 | 886 | 868 | 912 | |
| Tax revenues for Puerto Rico (Treasury, BATF) | 331 | 365 | 429 | 363 | 354 | 360 | |
| Other general purpose fiscal assistance | 124 | 128 | 125 | 115 | 111 | 112 | |
| Total, General purpose fiscal assistance | 1,256 | 1,488 | 1,438 | 1,364 | 1,333 | 1,384 | |
| Other general government: | | | | | | | |
| Territories | 159 | 183 | 221 | 232 | 232 | 217 | |
| Treasury claims | 1,827 | 757 | 712 | 712 | 712 | 712 | |
| Presidential election campaign fund | 26 | 218 | 2 | 29 | 218 | 3 | |
| Other mandatory programs | -100 | 29 | 14 | -12 | -8 | 9 | |
| Total, Other general government | 1,912 | 1,187 | 949 | 932 | 965 | 941 | |
| Deductions for offsetting receipts: | | | | | | | |
| Offsetting receipts | -971 | -1,100 | -1,100 | -1,100 | -1,100 | -1,100 | |
| Total, Mandatory | 3,346 | 1,737 | 1,384 | 1,339 | 1,331 | 1,369 | |
| Total, General government | 15,758 | 14,966 | 14,651 | 14,892 | 15,255 | 15,850 | |
| 900 Net interest: | | | | | | | |
| Mandatory: | | | | | | | |
| Interest on the public debt: | | | | | | | |
| Interest on the public debt | 353,504 | 358,647 | 359,283 | 361,838 | 364,939 | 366,996 | |
| Interest received by on-budget trust funds: | | | | | | | |
| Civil service retirement and disability fund | -33,579 | -35,168 | -35,790 | -36,929 | -38,131 | -39,099 | |
| Military retirement | -12,560 | -12,791 | -13,025 | -13,267 | -13,517 | -13,776 | |
| Medicare | -12,212 | -14,126 | -15,220 | -16,489 | -17,678 | -18,855 | |
| Other on-budget trust funds | -8,210 | -9,206 | -9,700 | -10,094 | -10,303 | -10,752 | |
| Total, Interest received by on-budget trust funds | -66,561 | -71,291 | -73,735 | -76,779 | -79,629 | -82,210 | |
| Interest received by off-budget trust funds: | | | | | | | |
| Interest received by social security trust funds | -52,071 | -59,656 | -68,138 | -77,622 | -87,895 | -98,812 | |
| Other interest: | | | | | | | |
| Interest on loans to Federal Financing Bank | -2,503 | -2,412 | -2,159 | -1,988 | -1,853 | -2,205 | |
| Interest on refunds of tax collections | 2,724 | 3,157 | 3,307 | 3,436 | 3,563 | 3,702 | |
| Payment to the Resolution Funding Corporation | 2,328 | 1,072 | 1,728 | 1,247 | 2,047 | 1,947 | |
| Interest paid to loan guarantee financing accounts | 3,617 | 3,795 | 3,858 | 3,948 | 4,045 | 4,149 | |
| Interest received from direct loan financing accounts | -7,278 | -8,626 | -9,945 | -10,960 | -11,973 | -12,947 | |
| Interest on deposits in tax and loan accounts | -935 | -1,152 | -1,104 | -1,052 | -1,052 | -1,052 | |
| Interest received from Outer Continental Shelf escrow account, Interior | -1 | | -1,342 | | | | |
| All other interest | -3,089 | -3,553 | -3,698 | -3,604 | -3,631 | -3,528 | |
| Total, Other interest | -5,137 | -7,719 | -9,355 | -8,973 | -8,854 | -9,934 | |
| Total, Net interest | 229,735 | 219,981 | 208,055 | 198,464 | 188,561 | 176,040 | |
| 950 Undistributed offsetting receipts: | | | | | | | |
| Mandatory: | | | | | | | |
| Employer share, employee retirement (on-budget): | | | | | | | |
| Contributions to military retirement fund | -10,417 | -11,454 | -11,413 | -11,781 | -12,114 | -12,459 | |
| Postal Service contributions to Civil Service Retirement and Disability Fund | -6,001 | -6,437 | -6,624 | -6,799 | -6,919 | -7,041 | |
| Other contributions to civil and foreign service retirement and disability fund | -9,215 | -9,008 | -9,470 | -9,870 | -9,983 | -10,494 | |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Source | 1999 Actual | Estimate | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Contributions to HI trust fund | -2,576 | -2,676 | -2,752 | -2,898 | -3,009 | -3,133 | -3,280 |
| Total, Employer share, employee retirement (on-budget) | -28,209 | -29,575 | -30,259 | -31,348 | -32,025 | -33,127 | -34,323 |
| Employer share, employee retirement (off-budget): | | | | | | | |
| Contributions to social security trust funds | -7,385 | -7,860 | -8,212 | -8,919 | -9,493 | -10,144 | -10,905 |
| Rents and royalties on the Outer Continental Shelf: | | | | | | | |
| OCS Receipts | -3,098 | -3,550 | -3,691 | -3,282 | -2,982 | -2,853 | -2,705 |
| Sale of major assets: | | | | | | | |
| Privatization of Elk Hills | | | | | -323 | | |
| Other undistributed offsetting receipts: | | | | | | | |
| Spectrum auction | -1,753 | -2,076 | -3,559 | -5,535 | -2,480 | -770 | -675 |
| Total, Undistributed offsetting receipts | -40,445 | -43,061 | -45,721 | -49,084 | -47,303 | -46,894 | -48,608 |
| Total | 1,703,040 | 1,776,209 | 1,838,751 | 1,882,524 | 1,958,224 | 2,025,346 | 2,102,627 |
| On-budget | (1,382,262) | (1,447,280) | (1,498,906) | (1,532,807) | (1,598,694) | (1,653,712) | (1,718,102) |
| Off-budget | (320,778) | (328,929) | (339,845) | (349,717) | (359,530) | (371,634) | (384,525) |

OTHER TECHNICAL PRESENTATIONS

15. TRUST FUNDS AND FEDERAL FUNDS

The budget consists of two major groups of funds: Federal funds and trust funds. This section presents summary information about the transactions of each of these two fund groups and of the major trust funds. It also discusses the recent reclassification of most Indian tribal trust funds as non-budgetary. Information is also provided about the income and outgo of four Federal funds that are financed by earmarked collections in a manner similar to trust funds.

Federal Funds Group

The Federal funds group comprises the larger part of the budget. It includes all transactions not classified by law as being in trust funds.

The main financing component of the Federal funds group is the general fund, which is used to carry out the general purposes of Government rather than being restricted by law to a specific program. It consists of all collections not earmarked by law to finance other funds, including virtually all income taxes and many excise taxes, and all expenditures financed by these collections and by general Treasury borrowing.

The Federal funds group also includes special funds and revolving funds, which earmark collections for spending on specific purposes. Where the law requires that Federal fund collections from a specified source be earmarked to finance a particular program, such as a portion of the Outer Continental Shelf mineral leasing receipts deposited into the Land and Water Conservation Fund, the collections and associated disbursements are recorded in special fund receipt and expenditure accounts. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments. These collections must be appropriated before they can be obligated and spent. Significant amounts of collections credited to special funds are derived from business-like activity, such as the receipts from Outer Continental Shelf mineral leasing.

Revolving funds conduct continuing cycles of business-like activity. They receive receipts from the sale of products or services and use the proceeds to finance their spending. Instead of being deposited in receipt accounts, their proceeds are recorded in the revolving funds, which are expenditure accounts. These collections generally are available automatically for obligation and making payments. Outlays for revolving funds are reported net of offsetting collections. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service Fund, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

Trust Funds Group

The trust funds group consists of funds that are designated by law as trust funds. Like special funds and revolving funds, they earmark collections for spending on specific purposes. Many of the larger trust funds finance social insurance payments for individuals, such as Social Security, Medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement, highway and transit construction, and airport and airway development. There are a few trust revolving funds that are credited with collections earmarked by law to carry out a cycle of business-type operations. Trust funds also include a few small funds established to carry out the terms of a conditional gift or bequest.

There is no substantive difference between trust funds and special funds or between revolving funds and trust revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by earmarked fees paid by veterans and both provide life insurance payments to veterans' beneficiaries.¹

The Federal budget meaning of the term "trust" differs significantly from the private sector usage. The beneficiary of a private trust owns the trust's income and often its assets. A custodian manages the assets on behalf of the beneficiary according to the stipulations of the trust, which he or she cannot change unilaterally. In contrast, the Federal Government owns the assets and earnings of most Federal trust funds, and it can unilaterally raise or lower future trust fund collections and payments, or change the purpose for which the collections are used, by changing existing law. Only a few small Federal trust funds are managed pursuant to a trust agreement where the Government is the trustee, and the Government generally has some ability to determine the amount deposited into or paid out of these funds. Other amounts are held in deposit funds by the Government as a custodian on behalf of some entity outside the Government. The Government makes no decisions about the amount of these deposits or how they are spent. Therefore, they are considered to be non-budgetary instead of Federal trust funds and are excluded from the Federal budget.

A trust fund's income must be used for the purposes designated by law. Some, such as the Federal Employ-

¹Another example is the Violent Crime Reduction Trust Fund, established pursuant to the Violent Crime Control and Law Enforcement Act of 1994. Because the Fund is substantively a means of accounting for general fund appropriations, and does not consist of dedicated receipts, it is classified as a Federal fund rather than a trust fund, notwithstanding the presence of the words "Trust Fund" in its official name.

ees Health Benefits fund, spend their income almost as quickly as it is collected. Others, such as the Social Security and the Federal civilian employees retirement trust funds, currently spend considerably less than they collect each year. A surplus of income over outgo adds to the trust fund's balance, which is available to finance future expenditures. The balances are generally invested, by law, in Treasury debt securities. Any net cash inflow from the public to the trust funds decreases the Treasury's need to borrow from the public in order to finance a Federal funds deficit.

A trust fund normally consists of one or more receipt accounts (to record income) and an expenditure account (to record outgo). However, a few trust funds, such as the Veterans Special Life Insurance fund, are established by law as revolving funds. These funds are similar to revolving funds in the Federal funds group. They conduct a cycle of business-type operations, offsetting collections are credited to the funds (which are expenditure accounts), and their outlays are displayed net of the offsetting collections.

Income and Outgo by Fund Group

Table 15-1 shows income, outgo, and surplus or deficit by fund group and adds them together (and removes double-counting) to derive the total unified budget re-

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

Two types of transactions are treated specially. First, income and outgo for a fund group exclude transactions between funds within the same fund group.² These intrafund transactions constitute outgo and income for the individual funds that make and collect the payments. However, because the totals for each fund group measure its transactions with the public and the other fund group, intrafund transactions must be subtracted from the sum of the income and outgo of all individual funds within the fund group to calculate the consolidated income and outgo for that fund group as a whole.

²For example, the railroad retirement trust funds pay the equivalent of social security benefits to railroad retirees, in addition to the regular railroad pension. These benefits are financed by a payment from the Federal Old-Age and Survivors Insurance trust fund to the railroad retirement trust funds. The payment and collection are both deducted so that total trust fund income and outgo measure disbursements to the public and to Federal funds.

Table 15-1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Receipts: | | | | | | | |
| Federal funds cash income: | | | | | | | |
| From the public | 1,195.9 | 1,300.4 | 1,325.3 | 1,360.4 | 1,393.4 | 1,450.2 | 1,511.0 |
| From trust funds | 1.1 | 1.1 | 5.5 | 1.1 | 1.1 | 1.2 | 1.2 |
| Total, Federal funds cash income | 1,197.0 | 1,301.4 | 1,330.8 | 1,361.5 | 1,394.5 | 1,451.3 | 1,512.2 |
| Trust funds cash income: | | | | | | | |
| From the public | 702.4 | 730.5 | 767.1 | 801.9 | 842.6 | 879.3 | 930.4 |
| From Federal funds: | | | | | | | |
| Interest | 120.3 | 132.7 | 143.9 | 155.8 | 169.8 | 183.6 | 198.1 |
| Other | 153.2 | 159.4 | 181.0 | 187.7 | 190.2 | 206.3 | 219.6 |
| Total, trust funds cash income | 975.9 | 1,022.5 | 1,091.9 | 1,145.4 | 1,202.7 | 1,269.1 | 1,348.1 |
| Offsetting receipts | -345.5 | -367.7 | -403.7 | -425.7 | -449.7 | -484.3 | -519.4 |
| Total, unified budget receipts | 1,827.5 | 1,956.3 | 2,019.0 | 2,081.2 | 2,147.5 | 2,236.1 | 2,340.9 |
| Outlays: | | | | | | | |
| Federal funds cash outgo | 1,285.3 | 1,359.0 | 1,388.1 | 1,433.3 | 1,472.2 | 1,525.7 | 1,584.7 |
| Trust funds cash outgo | 763.2 | 798.3 | 850.6 | 887.7 | 940.4 | 999.8 | 1,060.1 |
| Offsetting receipts | -345.5 | -367.7 | -403.7 | -425.7 | -449.7 | -484.3 | -519.4 |
| Total, unified budget outlays | 1,703.0 | 1,789.6 | 1,835.0 | 1,895.3 | 1,962.9 | 2,041.1 | 2,125.5 |
| Surplus or deficit (-): | | | | | | | |
| Federal funds | -88.3 | -57.6 | -57.3 | -71.8 | -77.6 | -74.3 | -72.5 |
| Trust funds | 212.7 | 224.3 | 241.3 | 257.7 | 262.3 | 269.3 | 287.9 |
| Total, unified surplus/deficit (-) | 124.4 | 166.7 | 184.0 | 185.9 | 184.6 | 195.0 | 215.4 |

Note: Receipts include governmental, interfund, and proprietary receipts. They exclude intrafund receipts, which are offset against intrafund payments so that cash income and cash outgo are not overstated.

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

Second, income excludes the offsetting collections, which are offset against outgo in revolving fund expenditure accounts instead of being deposited in receipt accounts.³ It would be conceptually appropriate to classify these collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, they are offset against outgo in Table 15–1 and are not shown separately.

Some funds in the Federal funds group and some trust funds are authorized to borrow from the general fund of the Treasury.⁴ Borrowed funds are not recorded as receipts and are excluded from the income of the fund. The borrowed funds finance outlays by the fund in excess of available receipts. Subsequently, fund receipts are transferred from the fund to the general fund in repayment of the borrowing. The repayment is not recorded as an outlay of the fund or included in fund outgo.

Some income in both Federal funds and trust funds consists of offsetting receipts. For most budget purposes, offsetting receipts are excluded from receipts figures and subtracted from gross outlays.

There are two reasons for this treatment:

- Business-like or market-oriented activities with the public The collections from such activities are deducted from gross outlays, rather than added to receipts, in order to produce budget totals for receipts and outlays that represent governmental rather than market activity.
- Intragovernmental transactions Collections by one Government account from another are deducted from gross outlays, rather than added to receipts, so that the budget totals measure the transactions of the Government with the public.

Because the income for Federal funds and for trust funds recorded in Table 15–1 includes offsetting receipts, those offsetting receipts must be deducted from the two fund groups' combined gross income in order to reconcile to total (net) unified budget receipts. Similarly, because the outgo for Federal funds and for trust funds in Table 15–1 consists of gross outlays, the amount of the offsetting receipts must be deducted from the sum of the Federal funds' and the trust funds' gross outgo in order to reconcile to total (net) unified budget outlays.

Income, Outgo, and Balances of Trust Funds

Table 15–2 shows the trust funds balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

The definition of income and outgo in this table differs from those in Table 15–1 in one important way. Trust fund collections that are offset against outgo (as

offsetting collections) within expenditure accounts instead of being deposited in separate receipt accounts are classified as income in this table but not in Table 15–1. This classification is consistent with the definitions of income and outgo for trust funds used elsewhere in the budget. It has the effect of increasing both income and outgo by the amount of the offsetting collections. The difference is approximately \$26 billion in 1999. Table 15–2, therefore, provides a more complete summary of trust fund income and outgo.

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

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

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1984 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies and their employees to make annual payments to the Federal employees' retirement trust funds in an amount equal to the value of the retirement benefits earned by employees in that year. Since many years will pass before current employees are paid retirement benefits, the trust funds will accumulate substantial balances over time.

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances increased ninefold from 1982 to 1999, from \$205 billion to \$1.9 trillion. Under the proposals in the President's budget, the balances are estimated to increase by approximately 82 percent by the year 2005, rising to \$3.4 trillion. Almost all of these balances are invested in Treasury securities and earn interest. Therefore, they represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

The President's policy framework in this budget is designed to increase the Government's ability to pay future Social Security and Medicare benefits. However, this enhanced ability to pay does not arise from the building up of large trust fund balances *in and of itself*. When spending exceeds the trust fund's current income, the trust fund can exercise its financial claim on eco-

³For example, postage stamp fees are deposited as offsetting collections in the Postal Service fund. As a result, the Fund's outgo is disbursements net of collections.

⁴For example, the Bonneville Power Administration Fund, a revolving fund in the Department of Energy, is authorized to borrow from the general fund, and the Black Lung Disability Trust Fund in the Department of Labor is authorized to receive appropriations of repayable advances from the general fund (a form of borrowing).

Table 15–2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP
(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total Trust Funds | | | | | | | |
| Balance, start of year | 1,663.2 | 1,875.7 | 2,099.8 | 2,340.8 | 2,598.5 | 2,860.8 | 3,130.1 |
| Income: | | | | | | | |
| Governmental receipts | 664.2 | 696.7 | 731.9 | 764.3 | 794.7 | 825.8 | 871.3 |
| Proprietary receipts | 46.1 | 42.1 | 44.0 | 46.5 | 57.2 | 63.2 | 69.2 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 120.4 | 132.8 | 144.0 | 157.2 | 171.1 | 184.8 | 199.2 |
| Other | 171.0 | 181.1 | 204.4 | 210.7 | 213.2 | 230.1 | 245.3 |
| Subtotal, income | 1,001.6 | 1,052.8 | 1,124.3 | 1,178.6 | 1,236.2 | 1,303.8 | 1,385.0 |
| Outgo: | | | | | | | |
| To the public | 787.8 | 827.4 | 877.6 | 919.8 | 972.8 | 1,033.4 | 1,095.8 |
| Payments to Federal funds | 1.1 | 1.1 | 5.5 | 1.1 | 1.1 | 1.2 | 1.2 |
| Subtotal, outgo | 788.9 | 828.5 | 883.0 | 920.9 | 973.9 | 1,034.5 | 1,097.0 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (–): | | | | | | | |
| Excluding interest | 92.3 | 91.5 | 97.3 | 100.5 | 91.2 | 84.5 | 88.8 |
| Interest | 120.4 | 132.8 | 144.0 | 157.2 | 171.1 | 184.8 | 199.2 |
| Subtotal, surplus or deficit (–) | 212.7 | 224.3 | 241.3 | 257.7 | 262.3 | 269.3 | 287.9 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | * | –0.1 | –0.3 | ..... | ..... | ..... | ..... |
| Other adjustments ..... | –* | –* | –* | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 212.7 | 224.2 | 241.0 | 257.7 | 262.3 | 269.3 | 287.9 |
| Balance, end of year | 1,876.0 | 2,099.8 | 2,340.8 | 2,598.5 | 2,860.8 | 3,130.1 | 3,418.0 |

* Less than \$50 million.

¹The difference between 1999 end of year balance and 2000 start of year balance is due to the removal of most tribal trust funds from the budget totals. See the discussion regarding changes in the budget classification of tribal trust funds in this chapter for additional information.

conomic resources by converting its holdings to cash -- whether the holdings are Treasury bonds or corporate equities. This conversion ultimately represents an exchange of Government (or corporate) financial securities for private sector resources. Thus, in either case, the Government's ability to pay benefits is related to the health of its overall fiscal position and of the economy as a whole, rather than a simple function of trust fund balances.

Increases in trust fund balances *do* strengthen the ability to pay future benefits if the surplus in the trust fund is matched by an improvement in the Government's net financial position. It is in this sense that future benefits can be prefunded. If a trust fund surplus is matched by a corresponding reduction in publicly held debt, then the Government's financial position will be improved. This makes it easier to finance future benefits in two respects. The first, direct effect, is that this debt reduction reduces future interest payments and frees up general receipts to finance the future benefits. The second is that debt reduction increases the resources available for investment in the economy as a whole. Greater investment now increases future incomes and wealth, which will provide more real eco-

conomic resources to support the benefits, and may prolong the solvency of the trust funds.

Table 15–5, which appears at the end of the chapter, shows estimates of income, outgo, and balances for 1999 through 2005 for the major trust funds. With the exception of transactions between trust funds, the data for the individual trust funds are conceptually the same as the data in Table 15–2 for the trust funds group. As explained previously, transactions between trust funds are shown as outgo of the fund that makes the payment and as income of the fund that collects it in the data for an individual trust fund, but the collections are offset against outgo in the data for the trust fund group. Additional information for these and other trust funds can be found in the Status of Funds tables in the Budget Appendix.

Table 15–6, which also appears at the end of this chapter, shows income, outgo, and balances of four Federal funds—a revolving fund and three special funds. These funds are similar to trust funds in that they are financed by earmarked receipts, excesses of income over outgo are invested, the interest earnings add to balances, and the balances remain available to finance future expenditures. The table is illustrative of the Fed-

eral funds group, which includes many other revolving funds and special funds in addition to the ones shown.

Changes in the Budget Classification of the Indian Tribal Funds

Beginning in fiscal year 2000, the Federal budget totals no longer include funds that are owned by Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf. These Indian tribal funds were included in the budget totals from the adoption of the unified budget in 1969 through fiscal year 1999, under the generic title "tribal trust funds." As explained below, appropriate application of current Federal budget concepts dictates that most of the Indian tribal funds should not be included in the budget or subject to budgetary constraints. These are trusts, in the private sector meaning of the term. Of the ones that remain in the budget, about half are special funds, meaning that their receipts are earmarked to be used to benefit the tribes. The rest are designated as trust funds. These trust funds are like other Federal trust funds, in that they consist of receipts that are earmarked for a specific purpose, but as described earlier in this chapter, they do not meet the private sector meaning of the term "trust" and would more appropriately be classified as special funds. To avoid confusion over terms, this discussion will refer to the Indian tribal funds that are no longer included in the budget as "tribal fiduciary funds" and to the ones still included in the budget as "tribal special funds."

This reclassification affects only budget coverage and does not change the operation of the funds or ownership of the fund assets, whether by the Government or the tribes. The legal obligations of the Secretary of the Interior, such as distributing interest earnings to tribes, and of the Secretary of the Treasury, such as paying interest on tribal fund holdings of Treasury securities, are also not be affected. The funds will continue to be managed by the Federal Government according to present law, with the same rights and responsibilities that existed prior to the reclassification.

The Government currently holds \$2.6 billion in approximately 1,400 funds for roughly 315 Indian tribes. Prior to fiscal year 2000, all of these Indian tribal funds were included in the Federal budget. As shown in Table 15-3, the Department of the Interior estimates that approximately \$2 billion of assets in approximately 1,400 Indian tribal funds were removed from budgetary accounts as of October 1, 1999. Additional amounts may be removed as the Administration finishes reviewing the Indian tribal funds. The Government also held \$480 million for individual Indians in about 285,000 accounts as of September 30, 1999. These individual Indian accounts have always been classified as non-budgetary deposit funds, and their categorization will not be affected by the reclassification of the Indian tribal funds.

The Indian tribal funds are composed mostly of funds belonging to Indian tribes, and in some cases the Federal Government, that are required or authorized by law to be deposited in the U.S. Treasury or managed "in trust" by the United States. While all transactions for Indian tribal funds flow through the Treasury, most are currently invested outside the Treasury in other legal investments. The assets are derived from various sources, including payments for land cessions by treaty; proceeds from sales of land under confiscatory acts of Congress; proceeds from sales and leases of tribal lands and other natural resources; judgment awards made by the Indian Claims Commission and the United States Court of Claims; monies appropriated to fund legislative settlements; and interest on fund investments. Table 15-3 groups these sources of income into three categories.

As a result of this reclassification, the Federal budget includes the transactions of all Indian tribal funds through fiscal year 1999, but it excludes the transactions of the tribal fiduciary funds after their removal from the budget in fiscal year 2000. The transactions of the tribal fiduciary funds are instead included in the deposit fund totals compiled by the Treasury Department. The one-time transfer of Indian tribal fund assets to non-budgetary deposit funds is not recorded as a budget outlay because it does not represent an

Table 15-3. TRIBAL TRUST FUND BALANCES AND REVISED BUDGETARY TREATMENT

(dollar amounts in millions as of September 30, 1999)

| Type of Tribal Trust Fund | Number | Amount |
|---|--------------|--------------|
| Remaining on-budget (derived from legislative acts and for Government obligations): | | |
| Special funds | 13 | 520 |
| Trust funds | 16 | 162 |
| Subtotal, funds remaining on-budget | 29 | 682 |
| Reclassified as non-budgetary: | | |
| Funds with assets derived from tribal-owned natural resources | 631 | 240 |
| Funds funded by judgments against the United States | 700 | 1,260 |
| Funds derived from legislative acts and for Government obligations | 50 | 400 |
| Subtotal, funds reclassified as non-budgetary | 1,381 | 1,900 |
| Grand Total | 1,410 | 2,582 |

allocation of resources by the Government in the current period. In many cases (e.g., royalties), the resources never belonged to the Government and therefore should never have been included in the Federal budget. In other cases (e.g., settlement payments from the Government to the tribes), the transfers should have increased total budget outlays in past years, when payments were made to the tribal funds. The historical data on the budget will not be revised, due to the relatively small amount of transactions to be excluded from the budget and the difficulty of retroactively revising the numerous accounts affected by the reclassification.

Consistency with the Unified Budget.—Reclassifying tribal fiduciary funds as non-budgetary is consistent with the unified budget concepts developed by the President's Commission on Budget Concepts in 1967.⁵ The Commission recommended that the budget include all the Federal Government's programs and all the fiscal transactions of these programs with the public. The Commission used several criteria in determining which entities or activities should be included in the Federal budget: the ownership of the entity or activity, the sources of its capital, the selection of its managers, and the degree of control the President and Congress have over its program and budget. In discussing these criteria, the Commission stated that "no one of these... [criteria] is conclusive, and at the margin, where boundary questions arise, decisions have been made on the basis of a net weighing of as many relevant considerations as possible."⁶ With this in mind, the Commission recommended a comprehensive budget with almost no exception. The Commission reasoned that entities or activities having characteristics consistent with other Federal entities or activities, such as Federal ownership or Presidential and Congressional control over its program or budget, should be included in the unified budget. Other entities and activities should be excluded.

The Commission's distinction between budgetary and non-budgetary activities is exemplified by the treatment of two Federal employee retirement funds: the Civil Service Retirement and Disability (CSR) trust fund and the Thrift Savings Fund. The CSR trust fund, which pays annuities to retired Federal employees, is included in the budget because the Government owns the assets and can make decisions about the level and timing of future pension benefit payments. Individuals do not have separate accounts in the CSR trust fund, and the fund assets, which are much smaller than the present value of future pensions earned to date under current law, do not constitute the employees' promised benefits and cannot reasonably be looked upon as employees' equity in the system. Conversely, the Thrift Savings Fund, which holds assets for Federal employees who participate in the Thrift Savings Plan, is non-budgetary. The thrift fund is managed by the Government

in a fiduciary capacity on behalf of the participants. The savings plan is a defined contribution plan—the assets are credited to individual employees' accounts, and the assets in an account are owned by the employee, who has a legal claim on the specific assets in that account and no more. Employee decisions determine most of the amounts contributed to the Thrift Savings Fund, either directly from the employee or from the Federal matching contribution, with only a relatively small part being contributed to the fund automatically. Employees make decisions about investments among the statutorily prescribed funds. An employee may borrow from his or her account for specified purposes, such as to purchase a house or finance educational expenses.⁷

The reclassification of the tribal fiduciary funds as non-budgetary fits neatly with the ownership criterion of the Commission and the budgetary treatment of the Thrift Savings Fund and other deposit funds. Based on the Commission's recommendations, the budget generally does not include activities or agencies which are not owned by the Federal Government. Deposit funds are non-budgetary accounts that record amounts held temporarily until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as agent for others (for example, state and local income taxes withheld from Federal employees' salaries and not yet paid to the states and localities). Tribal fiduciary funds share the principal defining characteristics of deposit funds private ownership and therefore ought to be classified in the same way rather than included in the budget.⁸

The removal of the tribal fiduciary funds from the budget is also consistent with the Commission's criteria regarding the source of capital and the extent of federal control. The assets of the tribal fiduciary funds whether derived from tribe-owned natural resources, judgment awards, or appropriated legislative settlements are monies that, based on legal requirements, are owned by the tribes. The tribal special funds, in contrast, are funded by appropriations to achieve a public policy goal, as opposed to resolving a legal claim, and are established in a manner whereby ownership of the fund's assets is not conveyed to the tribes. With regard to the extent of Executive and Congressional control, it is clear that the Government's control over the tribal fiduciary funds is significantly limited and not sufficient to override the ownership test. The Government acts as the fiduciary of the fund assets while they are deposited in the Treasury or held as other legal investments and, at most, has some influence over the tribally developed use plans for judgment awards. In effect, the Government simply serves as a banker, and deposits, and

⁵ A small number of trust funds (according to the private sector usage of this term) have been established with the Government as the beneficiary as well as the fiduciary. These funds have especially been established from gifts by the public to the Government, such as gifts and donations to the Architect of the Capitol, gifts and bequests to the Department of Agriculture, and gifts and contributions to the Corporation for National and Community Service. These funds are included in the budget totals because the Government owns the fund assets.

⁸ Non-budgetary activities, including deposit funds, are discussed further in Chapter 19, "Off-Budget Federal Entities and Non-Budgetary Activities." Deposit funds are also discussed in a section of Chapter 24, "Budget Systems and Concepts and Glossary."

⁵ *Report of the President's Commission on Budget Concepts* (Washington, D.C.: U.S. Government Printing Office, October 1967), p. 25.

⁶ *Ibid.*

withdrawals from the fund (i.e., the “bank account”) do not represent resource allocation by the Government. Except where prohibited by law, the tribes can withdraw and manage these assets.

Analyzing the Indian Tribal Funds.—The criteria used to determine the budgetary treatment of the Indian tribal funds are listed below. Some are applicable to all Federal funds, while others relate specifically to the budgetary treatment of the Indian tribal funds. No single criterion is conclusive. In addition, the relevant considerations are mixed for many Indian tribal funds, so the classification must be based on the preponderant weight of the considerations. *The guiding rule is that unless the preponderance of the relevant considerations indicates that a tribe owns a fund’s assets, it will continue to be included in the Federal budget.* In making these decisions, it is imperative to distinguish between valid legal obligations and moral commitments. A trust fund could be established as payment for settlement of a valid legal claim for damages, in which case the funds would belong to the tribe and the trust fund should be classified as a non-budgetary deposit fund. Alternatively, a trust fund could be created as a result of a commitment by the Government to improve the social well-being of a tribe, but the tribe would have no claim against the Government if the Government did not fund the trust fund. In that case, the trust fund should be included in the Federal budget.

Characteristics indicating tribal ownership (non-budgetary):

- The assets consist of funds that the tribe has voluntarily deposited in the Treasury and requested that the Government manage.
- The income comes from royalties earned on natural resources or businesses that are owned by the tribe.
- Legislation specifies that a tribe owns the assets.
- The assets derive from payment for settlement of a legally enforceable claim i.e. “a final judgement, award, or compromise settlement under the provisions of title 31, United States Code, Section 1304.”
- Legislation allows a tribe to sue for damages if the Government reneges on the terms of an agreement between the tribe and the Government.
- The tribe makes the fundamental decisions about how the assets are spent or invested, with the stipulation that if the tribe decides to invest in non-Treasury securities, it must waive the Government’s liability.
- The tribe can pledge the assets or income as collateral for loans.
- Private creditors can place liens on the assets or income.
- The terms of the agreement cannot be changed without the prior consent of the tribe.
- The assets are distributed automatically to the tribe or to individual Indians.

- The amount to be paid to the tribe depends on the amount of assets in the fund (i.e., the Government does not guarantee a certain benefit amount).
- The settlement requires that the Government make a specific dollar payment to the tribe (non-budgetary) as opposed to requiring that the Government provide specific services for the tribe’s benefit (budgetary).

Characteristics indicating governmental ownership (budgetary):

- Use of the assets is subject to future appropriation.
- The Secretary of the Interior, or some other Government official, makes the fundamental decisions about the use of the assets.
- The Government can unilaterally change the terms of the agreement.
- The Government can unilaterally withdraw or re-allocate the assets to another purpose.
- The statute of limitations for filing a claim against the Government has expired, eliminating the tribe’s ability to bring a takings suit against the Government.
- The assets revert to the Government if they are not all spent.
- The settlement agreement requires the Government to provide specific services for the tribe’s benefit (budgetary), as opposed to requiring the Government to make a specific dollar payment to the tribe (non-budgetary).

The review conducted by OMB and Interior of the Indian tribal funds indicated that two general types of funds should be reclassified as non-budgetary: those funded from revenues generated by tribe-owned natural resources and those funded by judgments against the United States Government. The third general category, those derived from legislative acts and for fulfilling Government obligations to tribes, included some funds that should be reclassified as non-budgetary, and others that should remain in the budget. These reclassifications became effective October 1, 1999. OMB and Interior were not able to complete their review of the Indian tribal funds before this date and will review the remainder later this year. A description of the general categories of Indian tribal funds and their proposed treatment follows.

Funds with assets derived from tribe-owned natural resources New treatment: Non-budgetary fiduciary funds.

As shown in Table 15–3, an estimated \$240 million in 631 Indian tribal funds with assets derived from tribe-owned natural resources were removed from the budget totals. These funds are owned by the tribes and are managed by the Government in a fiduciary capacity. Tribes hold beneficial title to the natural resources from which the income originates, and thus own the resulting income. Some leases require the royalties to be paid directly to one or more tribes or to individual

Indians. In other cases, royalties are deposited in an Indian tribal fund. Sometimes the lessee makes a single payment to a suspense account (a type of deposit fund) for all three types of payments, and the Department of the Interior subsequently determines what amount should be paid to individuals, tribes, or an Indian tribal fund. At its discretion, and subject to tribal law and the Secretary of the Interior's fiduciary responsibilities, a tribe can withdraw its money from the Indian tribal fund or leave it in the fund, where it is invested by the Government.

Prior to the reclassification, these transactions were treated differently for Federal budget purposes. Payments directly to individual Indians or tribes were not included in the budget, while payments to the Indian tribal funds were recorded in the budget as offsetting receipts. Payments to suspense accounts were excluded from the budget, but the eventual distributions of suspense account balances were recorded consistent with the above treatment of payments to individual Indians, tribes, and Indian tribal funds.

There is no apparent substantive reason to treat payments to the Indian tribal funds differently from payments that are made directly to individual Indians or tribes, or that first pass through suspense accounts before going to individual Indians or tribes. The Government's role as trustee is primarily to ensure that the funds are distributed and managed correctly. The Government cannot take money from these funds to use for other purposes.

Funds derived from judgments against the United States New treatment: *Non-budgetary fiduciary funds.*

As shown in Table 15-3, approximately \$1.3 billion in 700 Indian tribal funds derived from judgment awards were removed from the budget totals. These funds resulted from Indian Claims Commission awards or U.S. Court of Claims awards, and were paid out of the Federal Claims, Judgments, and Relief Act fund. Court decisions specify that these funds are payments for property damages. As such, the Government could not withdraw the funds and use them for other purposes without resurrecting the claim against the Government. This also appears to be true in cases where the settlement provides an endowment for a tribe and stipulates that only the earnings can be spent. The tribe, not the Government, owns the endowment, and the tribe receives the full benefit of earnings on the endowment. Congress can revise the use plans that the tribe develops, but it cannot change the judgment amount.

These funds are deposited in an Indian tribal fund until a use plan is approved. The plan could require the money to be paid to individual Indian accounts or to the tribes, or the funds could be held in the Indian tribal fund until paid out for tribal activities specified in the plan. Subject to approval by the Department of the Interior, the tribes can withdraw and manage the funds themselves.

Funds derived from legislative acts and for fulfilling Government obligations to tribes New treatment: *Mixed* Some non-budgetary fiduciary funds but others on-budget special funds.

The funds in this category are diverse and the proposed budgetary treatment is mixed. Some funds were created as a result of legislative settlements, such as for water rights or land claims, and, like the previous category, should be considered non-budgetary. Others are composed of appropriated monies to make payments to tribes for public policy goals, such as infrastructure development. If these funds did not resolve a legal claim and were established in a manner that did not convey ownership of the assets to the tribe, they continue to be included in the budget. As shown in Table 15-3, \$400 million of funds in this category were removed from the budget totals; \$682 million remain in the budget.

The funds that remain in the budget fall into a few broad categories. About \$386 million were derived from Federal legislation that created a corpus (principal amount) and provided that only interest accruing on the corpus is available for obligation. Since tribes do not have access to the corpus, and the fund was not established to settle a valid legal claim against the Government, the question of ownership of the corpus is raised. The classification of these funds has not been determined, and OMB and Interior will review the legislation that established each of these funds to determine ownership of the corpus. If it is determined that the tribe owns the corpus, then the funds will be removed from the budget totals. Otherwise, the funds will remain in the budget.

Another \$178 million of the funds in this category are for legislative settlements for which certain conditions must be met before ownership transfers to the tribes. For example, tribes are sometimes required to execute a waiver of claims and appropriate releases that must be approved by the relevant Courts. Until these conditions are met, the funds are the property of the Federal Government and are included in the budget. After these conditions are met, the funds will be disbursed to the appropriate tribal fiduciary fund, which will be recorded as budget outlays.

The balance of the funds included in the budget consist of the following: \$58 million that has not been reviewed by OMB and Interior, \$52 million to carry out Secretarial obligations under legislative settlements (e.g., to construct dams, deliver water, and pay penalties); \$6 million earmarked for education grants; and \$2 million for gifts and bequests.

Change in Future Budgetary Transactions as a Result of Reclassifying Tribal Fiduciary Funds as Non-budgetary.—Excluding the transactions of the tribal fiduciary funds from the budget will have little effect on net Federal outlays in future years. As shown in Table 15-4, their removal is estimated to increase net outlays, and decrease the unified budget surplus, by approximately \$40 million a year from 2000 to 2003.

Removing the tribal fiduciary funds from the budget changes net Federal outlays for future years in a number of ways. First, interest payments on Treasury securities held by these funds, which are recorded as intrabudgetary transactions through FY 1999, are recorded as disbursements to the public beginning in FY 2000. Second, offsetting receipts from the public are lowered by the royalties and other income derived from tribe-owned natural resources. Third, the budget no longer records the disbursement of these royalties and income from the Government to the tribes. This reduces disbursements by the same amount as offsetting receipts, but not necessarily in the same years.

Removing the Indian tribal funds from the budget also shifts the timing of disbursements to the public resulting from Federal payments to Indian tribes for judgments and settlements. In fiscal year 1999 and prior years, these payments were not recorded as outlays to the public until the funds were disbursed to the tribes. Beginning in FY 2000, the payments are

recorded as outlays to the public when the funds are paid to the tribal fiduciary funds.

Improvements to Federal Budgeting.—The reclassification of the Indian tribal funds is expected to improve Federal budgeting in three ways. First, as previously mentioned, it will treat them in a manner consistent with the budget concepts that are applied to other funds held by the Government. Second, the budget will record costs in the appropriate period the year that financial resources are transferred from the Government to a tribe so that decision makers will take the cost into account at the time that decisions are made. Flows into and out of the tribal fiduciary funds will not be included in the budget and therefore will not affect new resource allocation decisions by the Government. Third, the tribal fiduciary funds will not be subject to budgetary controls and constraints that are applied to funds that belong to the Government.

Table 15–4. OUTLAY IMPACT OF RECLASSIFYING INDIAN TRIBAL FUNDS AS NON-BUDGETARY¹

(In millions of dollars)

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|--|------|------|------|------|------|
| Pre-2000 treatment of tribal trust funds: | | | | | |
| Offsetting receipts from the public | 324 | 334 | 338 | 342 | 346 |
| Disbursement to the public | 331 | 405 | 409 | 413 | 417 |
| Outlays, prior treatment | 7 | 71 | 71 | 71 | 71 |
| Effect of reclassifying tribal fiduciary funds as (non-budgetary): | | | | | |
| Offsetting receipts from the public | | -278 | -278 | -279 | -279 |
| Disbursement to the public | | -237 | -238 | -238 | -238 |
| Net impact of reclassification on outlays | | 41 | 40 | 41 | 41 |
| Revised treatment of Indian tribal funds: | | | | | |
| Offsetting receipts from the public | 324 | 56 | 60 | 63 | 67 |
| Disbursement to the public | 331 | 168 | 171 | 175 | 179 |
| Outlays, revised treatment | 7 | 112 | 111 | 112 | 112 |

¹ Does not include intrabudgetary transactions.

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Airport and Airway Trust Fund | | | | | | | |
| Balance, start of year | 9.4 | 12.4 | 13.3 | 14.1 | 15.7 | 17.5 | 19.4 |
| Income: | | | | | | | |
| Governmental receipts | 10.4 | 9.2 | 10.6 | 12.0 | 12.6 | 13.4 | 14.1 |
| Proprietary receipts | * | * | * | * | * | * | * |
| Receipts from Federal funds: | | | | | | | |
| Interest | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 1.0 | 1.1 |
| Other | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 11.1 | 10.1 | 11.6 | 13.0 | 13.7 | 14.5 | 15.4 |
| Outgo: | | | | | | | |
| To the public | 8.1 | 9.3 | 10.8 | 11.4 | 11.9 | 12.6 | 13.3 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 8.1 | 9.3 | 10.8 | 11.4 | 11.9 | 12.6 | 13.3 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 2.3 | 0.1 | 0.0 | 0.8 | 0.9 | 0.9 | 1.0 |
| Interest | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 1.0 | 1.1 |
| Subtotal, surplus or deficit (-) | 3.0 | 0.9 | 0.8 | 1.6 | 1.8 | 1.9 | 2.1 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | | | | | | | |
| Other adjustments | * | —* | | | | | |
| Total, change in fund balance | 3.0 | 0.9 | 0.8 | 1.6 | 1.8 | 1.9 | 2.1 |
| Balance, end of year | 12.4 | 13.3 | 14.1 | 15.7 | 17.5 | 19.4 | 21.5 |
| Federal Employees Health Benefits Fund | | | | | | | |
| Balance, start of year | 6.2 | 5.8 | 5.6 | 5.4 | 5.2 | 4.9 | 4.6 |
| Income: | | | | | | | |
| Governmental receipts | | | | | | | |
| Proprietary receipts | 4.9 | 5.3 | 5.7 | 6.1 | 6.4 | 6.8 | 7.2 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 |
| Other | 12.8 | 14.2 | 15.0 | 16.2 | 17.7 | 19.3 | 20.9 |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 18.0 | 19.8 | 21.0 | 22.6 | 24.4 | 26.3 | 28.3 |
| Outgo: | | | | | | | |
| To the public | 18.5 | 20.0 | 21.1 | 22.8 | 24.7 | 26.7 | 28.7 |
| Payments to Other funds | —* | | | | | | |
| Subtotal, outgo | 18.5 | 20.0 | 21.1 | 22.8 | 24.7 | 26.7 | 28.7 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | -0.8 | -0.5 | -0.4 | -0.5 | -0.5 | -0.6 | -0.6 |
| Interest | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.2 |
| Subtotal, surplus or deficit (-) | -0.4 | -0.2 | -0.1 | -0.3 | -0.2 | -0.4 | -0.4 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | | | | | | | |
| Other adjustments | | | | | | | |
| Total, change in fund balance | -0.4 | -0.2 | -0.1 | -0.3 | -0.2 | -0.4 | -0.4 |
| Balance, end of year | 5.8 | 5.6 | 5.4 | 5.2 | 4.9 | 4.6 | 4.2 |
| Federal Civilian Employees Retirement Funds | | | | | | | |
| Balance, start of year | 460.6 | 491.9 | 523.0 | 553.1 | 582.7 | 611.5 | 639.1 |
| Income: | | | | | | | |
| Governmental receipts | 4.5 | 4.3 | 3.9 | 3.6 | 3.4 | 3.2 | 3.1 |
| Proprietary receipts | | | | | | | |
| Receipts from Federal funds: | | | | | | | |
| Interest | 34.3 | 35.9 | 36.6 | 37.7 | 38.9 | 39.9 | 40.8 |
| Other | 36.9 | 37.0 | 37.8 | 38.8 | 39.4 | 40.4 | 41.5 |

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Receipts from Trust funds ..... | ..... | * | * | * | * | * | * |
| Subtotal, income | 75.7 | 77.2 | 78.3 | 80.1 | 81.7 | 83.5 | 85.3 |
| Outgo: | | | | | | | |
| To the public | 44.5 | 46.0 | 48.2 | 50.5 | 52.9 | 55.9 | 59.1 |
| Payments to Other funds ..... | ..... | * | * | * | * | * | * |
| Subtotal, outgo | 44.5 | 46.0 | 48.2 | 50.5 | 52.9 | 56.0 | 59.1 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | -3.1 | -4.8 | -6.4 | -8.1 | -10.1 | -12.3 | -14.5 |
| Interest | 34.3 | 35.9 | 36.6 | 37.7 | 38.9 | 39.9 | 40.8 |
| Subtotal, surplus or deficit (-) | 31.2 | 31.1 | 30.1 | 29.6 | 28.8 | 27.6 | 26.3 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Other adjustments ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 31.2 | 31.1 | 30.1 | 29.6 | 28.8 | 27.6 | 26.3 |
| Balance, end of year | 491.9 | 523.0 | 553.1 | 582.7 | 611.5 | 639.1 | 665.3 |
| Federal Old-Age, Survivors and Disability Insurance Trust Funds | | | | | | | |
| Balance, start of year | 730.3 | 855.0 | 1004.3 | 1164.4 | 1337.8 | 1522.3 | 1717.0 |
| Income: | | | | | | | |
| Governmental receipts | 444.5 | 476.8 | 499.9 | 522.2 | 544.2 | 566.7 | 598.6 |
| Proprietary receipts | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 52.1 | 59.7 | 68.1 | 77.6 | 87.9 | 98.8 | 110.5 |
| Other | 20.7 | 21.9 | 21.5 | 22.6 | 23.8 | 25.3 | 27.1 |
| Receipts from Trust funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income | 517.3 | 558.4 | 589.6 | 622.5 | 656.1 | 690.9 | 736.2 |
| Outgo: | | | | | | | |
| To the public | 388.4 | 405.0 | 424.5 | 445.2 | 467.5 | 492.1 | 518.8 |
| Payments to Other funds | 4.1 | 4.0 | 5.1 | 4.0 | 4.0 | 4.1 | 4.1 |
| Subtotal, outgo | 392.6 | 409.0 | 429.5 | 449.2 | 471.5 | 496.1 | 522.8 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 72.6 | 89.7 | 91.9 | 95.7 | 96.6 | 95.9 | 102.9 |
| Interest | 52.1 | 59.7 | 68.1 | 77.6 | 87.9 | 98.8 | 110.5 |
| Subtotal, surplus or deficit (-) | 124.7 | 149.3 | 160.1 | 173.3 | 184.5 | 194.8 | 213.4 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Other adjustments ..... | ..* | ..... | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 124.7 | 149.3 | 160.1 | 173.3 | 184.5 | 194.8 | 213.4 |
| Balance, end of year | 855.0 | 1004.3 | 1164.4 | 1337.8 | 1522.3 | 1717.0 | 1930.4 |
| Foreign Military Sales Trust Fund | | | | | | | |
| Balance, start of year | 6.0 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Income: | | | | | | | |
| Governmental receipts ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts | 11.6 | 10.6 | 10.8 | 10.9 | 10.9 | 11.0 | 11.2 |
| Receipts from Federal funds: | | | | | | | |
| Interest ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Other ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Receipts from Trust funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income | 11.6 | 10.6 | 10.8 | 10.9 | 10.9 | 11.0 | 11.2 |
| Outgo: | | | | | | | |
| To the public | 12.2 | 10.6 | 10.8 | 10.9 | 10.9 | 11.0 | 11.2 |
| Payments to Other funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo | 12.2 | 10.6 | 10.8 | 10.9 | 10.9 | 11.0 | 11.2 |

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | -0.5 | | | | | | |
| Interest | | | | | | | |
| Subtotal, surplus or deficit (-) | -0.5 | | | | | | |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | | | | | | | |
| Other adjustments | | | | | | | |
| Total, change in fund balance | -0.5 | | | | | | |
| Balance, end of year | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Highway Trust Fund 1 | | | | | | | |
| Balance, start of year | 18.6 | 29.0 | 31.4 | 32.3 | 33.0 | 34.1 | 36.1 |
| Income: | | | | | | | |
| Governmental receipts | 39.3 | 34.3 | 35.1 | 36.0 | 36.3 | 36.9 | 37.7 |
| Proprietary receipts | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Receipts from Federal funds: | | | | | | | |
| Interest | | | | | | | |
| Other | * | * | * | * | * | * | * |
| Receipts from Trust funds | | | | | | | |
| Subtotal, Income | 39.4 | 34.4 | 35.3 | 36.1 | 36.4 | 37.0 | 37.8 |
| Outgo: | | | | | | | |
| To the public | 29.0 | 32.0 | 34.5 | 35.4 | 35.2 | 35.1 | 35.2 |
| Payments to Other funds | | | | | | | |
| Subtotal, Outgo | 29.0 | 32.0 | 34.5 | 35.4 | 35.2 | 35.1 | 35.2 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit: | | | | | | | |
| Excluding interest | 10.4 | 2.5 | 0.8 | 0.7 | 1.2 | 2.0 | 2.6 |
| Interest | | | | | | | |
| Subtotal, surplus or deficit | 10.4 | 2.5 | 0.8 | 0.7 | 1.2 | 2.0 | 2.6 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | * | | | | | | |
| Other adjustments | _* | _* | * | | | | |
| Total, Change in fund balance | 10.4 | 2.5 | 0.8 | 0.7 | 1.2 | 2.0 | 2.6 |
| Balance, End of Year | 29.0 | 31.4 | 32.3 | 33.0 | 34.1 | 36.1 | 38.7 |
| Medicare: Federal Hospital Insurance (HI) Trust Fund | | | | | | | |
| Balance, start of year | 116.9 | 138.4 | 163.4 | 201.3 | 240.1 | 271.3 | 302.1 |
| Income: | | | | | | | |
| Governmental receipts | 132.3 | 136.6 | 143.8 | 150.4 | 156.8 | 163.4 | 172.7 |
| Proprietary receipts | 1.4 | 1.4 | 1.4 | 1.8 | 2.0 | 2.2 | 2.5 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 9.3 | 11.0 | 12.5 | 14.9 | 16.9 | 18.2 | 19.5 |
| Solvency transfer | | | 15.4 | 12.6 | | | |
| Other | 10.0 | 10.6 | 10.4 | 10.8 | 11.5 | 12.1 | 12.8 |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 153.0 | 159.6 | 183.5 | 190.5 | 187.2 | 195.9 | 207.5 |
| Outgo: | | | | | | | |
| To the public | 131.5 | 134.6 | 145.7 | 151.7 | 155.9 | 165.1 | 176.7 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 131.5 | 134.6 | 145.7 | 151.7 | 155.9 | 165.1 | 176.7 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 12.2 | 14.0 | 25.3 | 23.9 | 14.4 | 12.6 | 11.3 |
| Interest | 9.3 | 11.0 | 12.5 | 14.9 | 16.9 | 18.2 | 19.5 |
| Subtotal, surplus or deficit (-) | 21.5 | 25.0 | 37.8 | 38.8 | 31.2 | 30.8 | 30.7 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | | | | | | | |

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other adjustments ..... | —* | —* | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 21.5 | 25.0 | 37.8 | 38.8 | 31.2 | 30.8 | 30.7 |
| Balance, end of year | 138.4 | 163.4 | 201.3 | 240.1 | 271.3 | 302.1 | 332.8 |
| Medicare: Federal Supplementary Medical Insurance (SMI) Trust Fund | | | | | | | |
| Balance, start of year | 40.9 | 45.6 | 44.5 | 40.7 | 39.4 | 40.8 | 40.2 |
| Income: | | | | | | | |
| Governmental receipts ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts | 20.2 | 20.4 | 21.7 | 23.8 | 33.8 | 39.1 | 44.3 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 2.9 | 3.1 | 2.9 | 2.8 | 2.8 | 2.7 | 2.7 |
| Other | 62.4 | 67.8 | 72.9 | 77.7 | 87.7 | 98.8 | 107.6 |
| Receipts from Trust funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income | 85.5 | 91.2 | 97.5 | 104.4 | 124.3 | 140.7 | 154.7 |
| Outgo: | | | | | | | |
| To the public | 80.7 | 92.4 | 101.3 | 105.7 | 122.9 | 141.3 | 156.8 |
| Payments to Other funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo | 80.7 | 92.4 | 101.3 | 105.7 | 122.9 | 141.3 | 156.8 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 1.8 | -4.2 | -6.7 | -4.1 | -1.3 | -3.3 | -4.8 |
| Interest | 2.9 | 3.1 | 2.9 | 2.8 | 2.8 | 2.7 | 2.7 |
| Subtotal, surplus or deficit (-) | 4.8 | -1.2 | -3.8 | -1.3 | 1.4 | -0.6 | -2.1 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Other adjustments ..... | ..... | * | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 4.8 | -1.2 | -3.8 | -1.3 | 1.4 | -0.6 | -2.1 |
| Balance, end of year | 45.6 | 44.5 | 40.7 | 39.4 | 40.8 | 40.2 | 38.1 |
| Military Retirement Fund | | | | | | | |
| Balance, start of year | 145.5 | 151.9 | 158.5 | 164.9 | 171.6 | 178.6 | 185.9 |
| Income: | | | | | | | |
| Governmental receipts ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Receipts from Federal funds: | | | | | | | |
| Interest | 12.6 | 12.8 | 13.0 | 13.3 | 13.5 | 13.8 | 14.0 |
| Other | 25.7 | 26.8 | 27.3 | 28.3 | 29.3 | 30.4 | 31.4 |
| Receipts from Trust funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income | 38.2 | 39.5 | 40.4 | 41.6 | 42.8 | 44.1 | 45.5 |
| Outgo: | | | | | | | |
| To the public | 31.9 | 32.9 | 33.9 | 34.9 | 35.8 | 36.8 | 37.8 |
| Payments to Other funds ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo | 31.9 | 32.9 | 33.9 | 34.9 | 35.8 | 36.8 | 37.8 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | -6.2 | -6.2 | -6.6 | -6.5 | -6.5 | -6.5 | -6.4 |
| Interest | 12.6 | 12.8 | 13.0 | 13.3 | 13.5 | 13.8 | 14.0 |
| Subtotal, surplus or deficit (-) | 6.3 | 6.6 | 6.4 | 6.7 | 7.0 | 7.3 | 7.7 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Other adjustments ..... | ..... | ..... | * | ..... | ..... | ..... | ..... |
| Total, change in fund balance | 6.3 | 6.6 | 6.4 | 6.7 | 7.0 | 7.3 | 7.7 |
| Balance, end of year | 151.9 | 158.5 | 164.9 | 171.6 | 178.6 | 185.9 | 193.6 |
| Railroad Retirement Trust Funds | | | | | | | |
| Balance, start of year | 13.9 | 14.3 | 15.3 | 16.1 | 17.1 | 18.2 | 19.2 |

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|------|------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Income: | | | | | | | |
| Governmental receipts | 4.1 | 4.3 | 4.3 | 4.4 | 4.5 | 4.5 | 4.6 |
| Proprietary receipts | | | | | | | |
| Receipts from Federal funds: | | | | | | | |
| Interest | 0.3 | 1.1 | 1.1 | 1.2 | 1.3 | 1.3 | 1.4 |
| Other | 0.5 | 0.4 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 |
| Receipts from Trust funds | 3.8 | 3.8 | 3.6 | 3.7 | 3.8 | 3.8 | 3.8 |
| Subtotal, income | 8.8 | 9.5 | 9.4 | 9.7 | 9.8 | 10.0 | 10.1 |
| Outgo: | | | | | | | |
| To the public | 8.2 | 8.2 | 8.3 | 8.4 | 8.5 | 8.7 | 8.8 |
| Payments to Other funds | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Subtotal, outgo | 8.4 | 8.5 | 8.6 | 8.7 | 8.8 | 8.9 | 9.1 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 0.1 | -0.1 | -0.3 | -0.2 | -0.2 | -0.3 | -0.3 |
| Interest | 0.3 | 1.1 | 1.1 | 1.2 | 1.3 | 1.3 | 1.4 |
| Subtotal, surplus or deficit (-) | 0.4 | 1.0 | 0.8 | 1.0 | 1.0 | 1.1 | 1.1 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | * | * | * | | | | |
| Other adjustments | | | * | | | | |
| Total, change in fund balance | 0.4 | 1.0 | 0.9 | 1.0 | 1.0 | 1.1 | 1.1 |
| Balance, end of year | 14.3 | 15.3 | 16.1 | 17.1 | 18.2 | 19.2 | 20.3 |
| Unemployment Trust Fund | | | | | | | |
| Balance, start of year | 71.0 | 77.7 | 85.9 | 93.6 | 98.9 | 102.4 | 105.4 |
| Income: | | | | | | | |
| Governmental receipts | 26.5 | 28.2 | 30.3 | 31.6 | 32.8 | 33.7 | 36.5 |
| Proprietary receipts | * | * | * | * | * | * | * |
| Receipts from Federal funds: | | | | | | | |
| Interest | 4.8 | 4.9 | 5.3 | 5.6 | 5.8 | 5.9 | 6.1 |
| Other | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.6 |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 31.7 | 33.5 | 36.0 | 37.8 | 39.2 | 40.1 | 43.1 |
| Outgo: | | | | | | | |
| To the public | 24.9 | 25.4 | 28.2 | 32.4 | 35.7 | 37.1 | 38.4 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 24.9 | 25.4 | 28.2 | 32.4 | 35.7 | 37.1 | 38.4 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 1.9 | 3.2 | 2.5 | -0.3 | -2.4 | -2.9 | -1.3 |
| Interest | 4.8 | 4.9 | 5.3 | 5.6 | 5.8 | 5.9 | 6.1 |
| Subtotal, surplus or deficit (-) | 6.7 | 8.2 | 7.8 | 5.3 | 3.4 | 3.0 | 4.7 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | —* | —* | —* | | | | |
| Other adjustments | | | | | | | |
| Total, change in fund balance | 6.7 | 8.2 | 7.8 | 5.3 | 3.4 | 3.0 | 4.7 |
| Balance, end of year | 77.7 | 85.9 | 93.6 | 98.9 | 102.4 | 105.4 | 110.1 |
| Veterans Life Insurance Trust Funds | | | | | | | |
| Balance, start of year | 13.7 | 13.7 | 13.6 | 13.4 | 13.1 | 12.7 | 12.3 |
| Income: | | | | | | | |
| Governmental receipts | | | | | | | |
| Proprietary receipts | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.6 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 1.1 | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 |
| Other | * | * | * | * | * | * | * |
| Receipts from Trust funds | | | | | | | |

Table 15-5. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Subtotal, income | 1.9 | 1.8 | 1.8 | 1.7 | 1.6 | 1.6 | 1.5 |
| Outgo: | | | | | | | |
| To the public | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | -1.1 | -1.2 | -1.2 | -1.3 | -1.3 | -1.3 | -1.3 |
| Interest | 1.1 | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 | 0.9 |
| Subtotal, surplus or deficit (-) | —* | -0.1 | -0.2 | -0.3 | -0.4 | -0.4 | -0.5 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | —* | —* | * | | | | |
| Other adjustments | | | | | | | |
| Total, change in fund balance | —* | -0.1 | -0.2 | -0.3 | -0.4 | -0.4 | -0.5 |
| Balance, end of year | 13.7 | 13.6 | 13.4 | 13.1 | 12.7 | 12.3 | 11.9 |
| Other Trust Funds² | | | | | | | |
| Balance, start of year | 30.1 | 34.5 | 35.5 | 35.9 | 38.4 | 40.9 | 43.3 |
| Income: | | | | | | | |
| Governmental receipts | 2.6 | 3.1 | 4.0 | 4.0 | 4.0 | 4.1 | 4.1 |
| Proprietary receipts | 7.0 | 3.5 | 3.4 | 3.0 | 3.0 | 3.1 | 3.2 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 2.0 | 2.2 | 2.2 | 1.9 | 2.0 | 2.0 | 2.1 |
| Other | 1.6 | 2.0 | 3.1 | 2.7 | 2.7 | 2.8 | 2.9 |
| Receipts from Trust funds. | | | | | | | |
| Subtotal, income | 13.2 | 10.8 | 12.8 | 11.5 | 11.8 | 12.0 | 12.2 |
| Outgo: | | | | | | | |
| To the public | 8.0 | 9.1 | 8.3 | 8.4 | 8.7 | 9.0 | 9.2 |
| Payments to Other funds | 0.5 | 0.6 | 3.8 | 0.6 | 0.6 | 0.6 | 0.7 |
| Subtotal, outgo | 8.5 | 9.6 | 12.1 | 9.0 | 9.3 | 9.6 | 9.9 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 2.6 | -1.0 | -1.5 | 0.6 | 0.5 | 0.4 | 0.3 |
| Interest | 2.0 | 2.2 | 2.2 | 1.9 | 2.0 | 2.0 | 2.1 |
| Subtotal, surplus or deficit (-) | 4.6 | 1.2 | 0.7 | 2.5 | 2.5 | 2.4 | 2.4 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | —* | -0.1 | -0.3 | | | | |
| Other adjustments | | —* | —* | | | | |
| Total, change in fund balance | 4.6 | 1.1 | 0.4 | 2.5 | 2.5 | 2.4 | 2.4 |
| Balance, end of year | 34.8 | 35.5 | 35.9 | 38.4 | 40.9 | 43.3 | 45.7 |

* Less than \$50 million.

Note: Balances shown include committed and uncommitted cash balances.

¹ Figures reflect two legislative changes to the Highway Trust Fund as per the Transportation Equity Act for the 21st Century (TEA-21): no accumulation of interest earnings on fund balances beginning in 1999 and transfer of \$8.2 billion in highway account cash balances to the General fund.

² The difference between 1999 end of year balance and 2000 start of year balance is due to the removal of most tribal trust funds from the budget totals. See the discussion regarding changes in the budget classification of tribal trust funds in this chapter for additional information.

Table 15-6. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

| | 1999 actual | Estimate | | | | | |
|--|----------------|----------|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Receipts from Federal funds: | | | | | | | |
| Interest | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| Other | * | * | * | * | * | * | * |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 |
| Outgo: | | | | | | | |
| To the public | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 0.1 | —* | * | —0.1 | —* | —* | —* |
| Interest | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| Subtotal, surplus or deficit (-) | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | —* | —* | —* | | | | |
| Other adjustments | | | | | | | |
| Total, change in fund balance | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| Balance, end of year | 3.0 | 3.2 | 3.4 | 3.7 | 4.0 | 4.3 | 4.6 |
| Uranium Enrichment Decontamination and Decommissioning Fund | | | | | | | |
| Balance, start of year | 1.3 | 1.7 | 2.1 | 2.4 | 2.8 | 3.2 | 3.6 |
| Income: | | | | | | | |
| Governmental receipts | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Proprietary receipts | | | | | | | |
| Receipts from Federal funds: | | | | | | | |
| Interest | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Receipts from Trust funds | | | | | | | |
| Subtotal, income | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Outgo: | | | | | | | |
| To the public | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Payments to Other funds | | | | | | | |
| Subtotal, outgo | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Change in fund balance: | | | | | | | |
| Surplus or deficit (-): | | | | | | | |
| Excluding interest | 0.3 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Interest | * | * | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Subtotal, surplus or deficit (-) | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Adjustments: | | | | | | | |
| Transfers/lapses (net) | | —* | | | | | |
| Other adjustments | | * | | | | | |
| Total, change in fund balance | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Balance, end of year | 1.7 | 2.1 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 |

* Less than \$50 million.

Note: Balances shown include committed and uncommitted cash balances.

16. NATIONAL INCOME AND PRODUCT ACCOUNTS

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

GDP is a measure of the Nation's final output, which excludes intermediate product to avoid double counting. Government consumption expenditures and gross investment are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other government expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not final output and as such are not included in GDP; however, these transactions are recorded in the NIPA government receipts and expenditure account. This leaves only government consumption expenditures and gross investment—State and local as well as Federal—to be included in final output.

Federal transactions are included in the NIPA as part(1) of the government sector. (footnote (1) The other part of the government sector is a single consolidated set of transactions for all U.S. State and local units of government combined.) The Federal sector is designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, because it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

Differences Between the NIPA and the Budget

Federal transactions in the NIPA are measured according to NIPA accounting concepts in order to be compatible with the purposes of the NIPA and other transactions recorded in the NIPA. As a result they differ from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPA to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the NIPA current surplus or deficit to differ from the budget surplus or deficit. Netting differences have equal effects on receipts and expenditures and thus have no effect on the current surplus/deficit. Besides

these differences, the NIPA combine transactions into different categories from those used in the budget.

October 1999 NIPA Revisions.—Comprehensive revisions to the NIPA introduced in October 1999 significantly changed the way Federal transactions are measured in the NIPA, and, since the budget did not change correspondingly, changed the ways in which the NIPA differ from the budget. The three most important changes were 1) the inclusion of computer software in investment (government and private) and the inclusion in consumption expenditures of a proxy for the services of software capital, measured as depreciation; 2) removal of transactions deemed “capital transfers” from the NIPA government sectors (which removes estate and gift taxes from both Federal and the State and local current receipts, and removes Federal grants for construction of fixed capital from Federal NIPA current expenditures); and 3) a revised treatment of government employee pension plans that treats their transactions analogously to those of private pension plans. Under the revised pension treatment, employer and employee contributions to government employee pension plans are now personal income (as if paid to a private pension plan in the household sector) rather than government receipts (contributions for social insurance); and pension benefit payments to former government employees are now simply transfers within the household sector rather than government expenditures (transfers to persons). The effects of these “new” changes are reflected in this section.

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPA (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as governmental receipts. On the other hand, the budget offsets against outlays any income that arises from voluntary business-type transactions with the public. The NIPA generally follow this concept as well, and all income to government enterprises such as the Postal Service or the power administrations is offset against expenditures. However, the NIPA have a narrower definition of “business-type transactions”. Rents, royalties, and regulatory or inspection fees (offsetting receipts in the budget) are recorded in the NIPA as Government receipts (business nontaxes). The NIPA include Medicare premiums as Government receipts, while the budget classifies them as business-type transactions (offsetting receipts).

In the budget, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for Federal employee social insurance (such as social security) is an example: the budget offsets these

payments against outlays. In contrast, the NIPA treat the Federal Government like any other employer and show contributions for Federal employee social insurance as expenditures by the employing agencies and as governmental (rather than offsetting) receipts. The NIPA also impute certain transactions that are not explicit in the budget. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPA impute social insurance contributions by employing agencies to finance these benefits—again, treating the Federal Government like any other employer.

Timing differences for receipts occur because the NIPA generally record personal taxes and social insurance contributions when they are paid and business taxes when they accrue, while the budget generally records all receipts when they are received. When the NIPA attribute corporations' final settlement payments back to the quarter(s) in which the profits that gave rise to the tax liability were generated, significant timing differences with the budget arise. When the first of a month falls on a weekend, monthly benefit checks normally mailed on the first of the month may be mailed out a day or two earlier; the budget then reflects two payments in one month and none the next. On occasion, the budget totals reflect 13 monthly payments in one year and only 11 the next. NIPA expenditure figures always reflect 12 benefit payments per year—again giving rise to a timing difference compared to the budget.

The budget and the NIPA also have *coverage differences*. The NIPA exclude transactions with U.S. territories. The NIPA also exclude the proceeds from the sales of nonproduced assets such as land. Bonuses paid on Outer Continental Shelf oil leases and proceeds from broadcast spectrum auctions are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPA these transactions are excluded as an exchange of nonproduced assets with no production involved.

A type of coverage difference arises on the expenditure side because of the NIPA treatment of government investment. The budget includes outlays for Federal investments as they are paid for, while the Federal sector of the NIPA instead excludes current investments but includes a depreciation charge on past investments ("consumption of general government fixed capital") among "current expenditures." The inclusion of depreciation on fixed capital (structures, equipment and software) in current expenditures is a proxy for the services of capital; i.e., for its contribution to government output of public services. The 1999 comprehensive revisions to the NIPA reclassified software as investment, adding to the measured size of both investments and capital consumption (government and private).

The new treatment of government pension plan income and outgo in the 1999 revisions also gives rise to a form of coverage difference. Where the budget treats employee payments to these pension plans as

government receipts, and employer contributions as offsets to outlays, the NIPA now treat both as personal income, as if the pension plan were in the private (household) sector; the budget records a government check to a retired government employee as a current outlay, but under the new NIPA concepts, no government expenditure then occurs; the payment is treated as a transfer of income within the household sector.

As part of the 1999 comprehensive revision of the NIPA, Federal investment grants to State and local governments (such as for interstate highway construction), investment subsidies to business, and forgiveness of debt owed by foreign governments are now excluded from the NIPA as being capital transfers. Likewise, estate and gift taxes, included in budget receipts, are now excluded from the NIPA as capital transfers.

Financial transactions such as loan disbursements, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPA on the grounds that such transactions simply involve an exchange of financial assets. In contrast, under the Federal Credit Reform Act of 1990, for direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee as an outlay when the loan is disbursed. The cash flows with the public are recorded in nonbudgetary accounts as a means of financing the budget rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but part is a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPA, neither the subsidies nor the loan transactions are included; however, the NIPA include all interest transactions with the public, including net interest paid to the financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPA on the grounds that there are no offsetting current income flows from these transactions. In 1991, this exclusion was the largest difference between the NIPA and the budget and tended to make the budget deficit larger than the NIPA current deficit. In subsequent years, as assets acquired from failed financial institutions were sold, these collections tended to make the budget deficit smaller than the NIPA current deficit.

Federal Sector Current Receipts

Table 16–1 shows Federal current receipts in the four major categories used in the NIPA, which are similar to the budget categories but with significant differences.

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

Corporate profits tax accruals differs in classification from the corresponding budget category primarily because the NIPA include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscella-

Table 16-1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1999-2001

(In billions of dollars)

| Description | Actual 1999 | Estimate | |
|--|----------------|----------------|----------------|
| | | 2000 | 2001 |
| CURRENT RECEIPTS | | | |
| Personal tax and nontax receipts | 887.8 | 941.6 | 964.6 |
| Corporate profits tax accruals | 210.9 | 222.7 | 224.2 |
| Indirect business tax and nontax accruals | 99.4 | 107.5 | 116.4 |
| Contributions for social insurance | 644.0 | 681.1 | 713.6 |
| Total current receipts | 1,842.2 | 1,952.9 | 2,018.7 |
| CURRENT EXPENDITURES | | | |
| Consumption expenditures | 460.7 | 483.6 | 486.3 |
| Defense | 304.7 | 315.8 | 317.2 |
| Nondefense | 156.0 | 167.8 | 169.1 |
| Transfer payments | 741.3 | 771.7 | 819.9 |
| To persons | 732.6 | 762.3 | 808.3 |
| To the rest of the world | 8.7 | 9.4 | 11.7 |
| Grants-in-aid to State and local governments | 223.8 | 242.1 | 259.6 |
| Net interest paid | 264.8 | 258.5 | 247.1 |
| Subsidies less current surplus of Government enterprises | 36.4 | 38.8 | 28.5 |
| Wage disbursements less accruals | | | |
| Total current expenditures | 1,727.0 | 1,794.8 | 1,841.4 |
| Current surplus or deficit (-) | 115.2 | 158.1 | 177.3 |
| ADDENDUM | | | |
| Gross investment | 92.2 | 102.8 | 112.2 |
| Defense | 51.9 | 56.9 | 60.9 |
| Nondefense | 40.3 | 45.9 | 51.3 |

* \$50 million or less.

neous receipts. The timing difference between the NIPA and the budget is especially large for corporate receipts.

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

Contributions for social insurance differs from the corresponding budget category primarily because: (1) the NIPA include Federal employer contributions for social insurance as a Government receipt, while the budget offsets these contributions against outlays as undistributed offsetting receipts; (2) the NIPA include premiums for Part B of Medicare as Government receipts, while the budget again nets them against outlays; (3) the NIPA treat government employee contributions to their pension plans as personal income, while the budget includes them in Government receipts; and (4) the NIPA impute contributions for Federal employees' unemployment insurance and workers' compensation.

Federal Sector Current Expenditures

Table 16-1 shows current expenditures in the six major NIPA categories, which are very different from the budget categories.

Government consumption expenditures are the goods and services purchased by the Federal Government in the current account, including compensation of employees and depreciation. Gross investment (shown as ad-

dendum items in Table 16-1) is thus excluded from current expenditures in computing the government current surplus or current deficit on a NIPA basis, whereas depreciation is included. The NIPA treat State and local investment and capital consumption in the same way—regardless of the extent to which it is financed with Federal aid (capital transfers) or from State and local own source receipts.

Although gross investment is not included in government current expenditures, both government gross investment and current consumption expenditures (including depreciation) are included in total GDP, which makes the treatment of the government sectors in the NIPA similar to that of the private sector.

Transfer payments are the largest expenditure category. Transfer payments to persons are mainly for income security and health programs, such as Social Security and Medicare. (Since the 1999 NIPA revisions, payment of pension benefits to former government employees is no longer included in transfer payments to persons.) Transfer payments to the rest of the world include grants to foreign governments and payments under Social Security and other similar programs to individuals living abroad.

Grants-in-aid to State and local governments help finance a range of programs, including income security, Medicaid, education, and others (but capital transfers

for construction of highways, airports, waste-water treatment plants and mass transit are now excluded).

Net interest paid is the interest paid by the Government on its debt (excluding debt held by trust funds, other than Federal employee pension plans; and other Government accounts), less interest received on its loans.

Subsidies less current surplus of Government enterprises consist of two elements: (1) subsidy payments for resident businesses (excluding subsidies for investment); and (2) the current surplus (or deficit) of "Government enterprises," such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. Depreciation (consumption of enterprise fixed capital) is netted in calculating the current surplus of government enterprises.

NIPA subsidies do not include the imputed credit subsidies estimated as budget outlays under credit reform. Rather, loans and guarantees are categorized as financial transactions and are excluded from the NIPA except for associated interest and fees.

Wage disbursements less accruals is an adjustment that is necessary to the extent that the wages paid in a period differ from the amount earned in the period.

Differences in the Estimates

Since the introduction of the unified budget in January 1968, NIPA current receipts have been less than budget receipts in most years, due principally to the fact that estate and gift taxes, which they exclude (as capital transfers) have exceeded Medicare premiums, which they include but budget receipts do not. NIPA current expenditures have usually been higher than budget outlays (from which the Medicare premiums and employer retirement contributions are netted out as offsetting receipts), despite the omission from NIPA ex-

penditures of grants for capital construction and pension benefits payments to former government employees. However, two components of budget outlays are sometimes sufficiently large in combination to match the netting adjustments. These are financial transactions and payments to U.S. territories. Large outlays associated with resolving the failed savings and loan associations and banks in 1990 and 1991 caused those year's budget outlays to significantly exceed NIPA current expenditures. With the change in budgetary treatment of direct loans in 1992 under credit reform, one type of financial transaction—direct loans to the public—has been recorded in the budget in a way that is closer to the NIPA treatment. Disbursement and repayment of loans are now recorded outside the budget as in the Federal sector of the NIPA, although, unlike the NIPA, credit subsidies are recorded as budget outlays.

During the period 1968–1992, the budget deficit exceeded the Federal current deficit as measured in the NIPA nearly every year. The largest difference, \$71 billion, occurred in 1991 as a result of resolving failed financial institutions as discussed above; the budget deficit was then \$269.4 billion, while the NIPA current deficit (from seasonally adjusted data) was \$198.1 billion. In 1993–1997, the NIPA current account deficit was slightly above the budget deficit, while for 1998–2001, the NIPA current account surplus is projected to be lower than the budget surplus.

Table 16–1 displays Federal transactions using NIPA concepts with actual data for 1999 and estimates for 2000 and 2001 consistent with the Administration's budget proposals. Table 16–2 summarizes the reasons for differences between the data using budget concepts and NIPA concepts. Table 16–3 displays quarterly data using NIPA concepts beginning in October 1998.

Table 16–2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA

| | Actual 1999 | Estimate | |
|---|----------------|----------------|----------------|
| | | 2000 | 2001 |
| CURRENT RECEIPTS | | | |
| Budget receipts | 1,827.5 | 1,956.3 | 2,019.0 |
| Contributions to government employee retirement plans | -4.5 | -4.3 | -3.9 |
| Capital transfers received | -27.7 | -30.3 | -32.2 |
| Other coverage differences | -7.0 | -8.1 | -8.5 |
| Netting and grossing | 37.0 | 39.5 | 41.4 |
| Timing differences | 16.9 | -0.1 | 3.0 |
| NIPA current receipts | 1,842.2 | 1,952.9 | 2,018.7 |
| EXPENDITURES | | | |
| Budget outlays | 1,703.0 | 1,789.6 | 1,835.0 |
| Government employee retirement plan transactions | 32.0 | 32.1 | 31.3 |
| Deposit insurance and other financial transactions | -1.8 | -4.2 | -11.1 |
| Capital transfers paid | -31.3 | -35.0 | -37.3 |
| Net purchases of nonproduced assets | 1.0 | 1.6 | 3.3 |
| Net investment | -2.4 | -9.4 | -15.6 |
| Other coverage differences | -13.0 | -16.5 | -14.5 |
| Netting and grossing differences | 37.0 | 39.5 | 41.4 |
| Timing differences | 2.4 | -2.9 | 8.9 |
| NIPA current expenditures | 1,727.0 | 1,794.8 | 1,841.4 |

Additional detailed estimates of current receipts and current expenditures will be published in a forthcoming issue of the Department of Commerce publication, the *Survey of Current Business*.

Table 16-3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPA, QUARTERLY, 1999

(In billions of dollars; seasonally adjusted at annual rates)

| Description | Actual | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | Oct.-Dec. | Jan.-Mar. | Apr.-June | July-Sept. | Oct.-Dec. |
| | 1998 | 1999 | 1999 | 1999 | 1999 |
| RECEIPTS | | | | | |
| Personal tax and nontax receipts | 868.1 | 877.9 | 892.1 | 908.0 | 922.3 |
| Corporate profits tax accruals | 202.6 | 212.6 | 218.1 | 222.4 | NA |
| Indirect business tax and nontax accruals | 99.6 | 99.5 | 100.0 | 101.5 | 102.7 |
| Contributions for social insurance | 623.1 | 636.5 | 642.9 | 651.2 | 657.5 |
| Total receipts | 1,793.3 | 1,826.5 | 1,853.1 | 1,883.1 | NA |
| CURRENT EXPENDITURES | | | | | |
| Consumption expenditures | 460.0 | 467.0 | 465.2 | 458.7 | 492.7 |
| Defense | 303.4 | 304.6 | 300.8 | 312.1 | 326.1 |
| Nondefense | 156.5 | 162.4 | 164.4 | 162.9 | 166.7 |
| Transfer payments | 742.1 | 743.4 | 749.7 | 817.0 | 770.4 |
| Domestic ("to persons") | 723.5 | 736.6 | 740.5 | 746.4 | 752.8 |
| Foreign | 18.7 | 6.8 | 9.2 | 8.5 | 17.6 |
| Grants-in-aid to State and local governments | 214.2 | 219.9 | 215.7 | 230.6 | 230.7 |
| Net interest paid | 274.3 | 266.0 | 264.8 | 259.9 | 261.2 |
| Subsidies less current surplus of Government enterprises | 42.9 | 32.6 | 39.5 | 29.0 | 51.3 |
| Wage disbursements less accruals | | | | | |
| Total current expenditures | 1,733.5 | 1,728.9 | 1,735.0 | 1,749.3 | 1,806.3 |
| Current deficit (-) | 59.7 | 97.6 | 118.1 | 113.8 | NA |
| ADDENDUM | | | | | |
| Gross investment | 60.0 | 60.7 | 56.8 | 73.2 | 101.8 |
| Defense | 49.5 | 51.2 | 53.5 | 53.4 | 57.3 |
| Nondefense | 37.2 | 39.2 | 41.5 | 19.9 | 44.5 |

NA = Not available.

* \$50 million or less.

17. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 1999

The following three parts of this chapter compare the actual total receipts, outlays, and surplus for 1999 with the current services estimates¹ shown in the 1999 Budget published in February 1998. The fourth part of this chapter shows additional details for a comparison of mandatory and related programs, and the final part reconciles actual receipts, outlays, and surplus totals for 1999 previously published by the Department of the Treasury with those in this budget.

Receipts

Receipts in 1999 were \$1,827.5 billion, which is \$97.6 billion greater than the current services estimate of \$1,729.8 billion in the 1999 Budget. As shown in Table 17-1, this increase was the net effect of legislative and administrative changes; economic conditions that differed from what had been expected; and technical factors that resulted in different collection patterns and effective tax rates than had been assumed.

Policy differences.—The Transportation Equity Act for the 21st Century, Internal Revenue Service Restructuring and Reform Act of 1998, and The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, were the only major laws enacted after February 1998 that affected 1999 receipts. The changes provided in these Acts, together with several minor legislative and administrative changes, were in large part offsetting, resulting in a net decrease in 1999 receipts relative to the February 1998 current services estimate of only \$5 million.

Economic differences.—Differences between the economic assumptions upon which the current services

¹The current services concept is discussed in Chapter 14: "Current Services Estimates." For mandatory programs and receipts the February 1998 current services estimate is based on laws then in place. For discretionary programs the current services estimate is based on the prior year estimates adjusted for inflation.

estimates were made and actual economic performance accounted for a net increase in 1999 receipts of \$36.7 billion. Higher-than-anticipated wages and salaries were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of \$27.9 billion and \$14.7 billion, respectively. Excise taxes were also higher than the budget estimate, in large part due to higher-than-estimated levels of gross domestic product (GDP). These increases were partially offset by lower-than-expected shares of corporate profits in GDP, which reduced corporation income taxes \$4.8 billion below the budget estimate. Lower-than-expected imports, which affect customs duties, and lower-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), reduced receipts below the budget estimates by an additional \$0.5 billion and \$1.7 billion, respectively.

Technical reestimates.—Technical factors increased 1999 receipts a net \$60.9 billion above the February 1998 current services estimate. This net increase was in large part attributable to higher-than-anticipated collections of individual income taxes and estate and gift taxes, which were partially offset by lower-than-anticipated collections of corporation income taxes. Higher effective tax rates on personal income than estimated in February 1998, and the continued strength of the stock market and its effect on capital gains, were in large part responsible for the increase in individual income taxes of \$60.2 billion. Greater-than-anticipated numbers and values of taxable estates, attributable in large part to the continued strength of the stock market, increased estate and gift taxes \$7.5 billion above the budget estimate. Different collections patterns and effective tax rates than assumed in February 1998 were primarily responsible for the lower-than-anticipated collections of corporation income taxes of \$6.9 billion.

Table 17-1. COMPARISON OF ACTUAL 1999 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

| | Feb. 1998 estimate | Enacted legislation/administrative actions | Different economic conditions | Technical factors | Net change | Actual |
|--|--------------------|--|-------------------------------|-------------------|-------------|----------------|
| Individual income taxes | 792.7 | -1.4 | 27.9 | 60.2 | 86.7 | 879.5 |
| Corporation income taxes | 194.4 | 2.0 | -4.8 | -6.9 | -9.7 | 184.7 |
| Social insurance and retirement receipts | 595.7 | * | 14.7 | 1.4 | 16.1 | 611.8 |
| Excise taxes | 70.7 | -0.1 | 1.2 | -1.5 | -0.3 | 70.4 |
| Estate and gift taxes | 20.5 | ..... | -0.2 | 7.5 | 7.2 | 27.8 |
| Customs duties | 18.8 | -0.5 | -0.5 | 0.4 | -0.5 | 18.3 |
| Miscellaneous receipts | 36.8 | ..... | -1.7 | -0.2 | -1.9 | 34.9 |
| Total | 1,729.8 | -* | 36.7 | 60.9 | 97.6 | 1,827.5 |

* indicates \$50 million or less.

Outlays

Outlays for 1999 were \$1,703.0 billion. This was \$29.4 billion less than the \$1,732.4 billion current services estimate in the 1999 Budget (February 1998).

Table 17-2 distributes the \$29.4 billion net decrease in outlays among discretionary and mandatory programs and net interest. The table also makes rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

Policy changes are the result of actions by the Congress or the Administration that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 1999, policy changes increased outlays an estimated \$10.0 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$8.5 billion because outlays from final appropriations were above the initial current services estimates. Defense discretionary outlays increased by \$3.5 billion and non-defense discretionary outlays increased by \$5.0 billion. Policy changes increased mandatory outlays \$1.2 billion above current law. The largest changes were an increase of \$5.7 billion for emergency spending for agricultural programs, partially offset by \$2.4 billion in collections from the sale of pension assets of the District of Columbia. (Mandatory programs are mostly formula benefit or entitlement programs not normally controlled by annual appropriations.)

Economic conditions that differed from those forecast in February 1998 for current services (as well as policy) resulted in a net decrease in outlays of \$19.1 billion. Outlays for mandatory programs decreased an estimated \$10.1 billion, largely due to lower than expected unemployment rates, which in turn reduced outlays for unemployment compensation and food stamps; and lower than expected inflation, which caused lower than estimated increases for Social Security and other inflation-sensitive programs. Outlays for net interest decreased \$9.0 billion due to a combination of lower than

projected interest rates and changes in borrowing requirements that resulted from the effect of economic factors on receipts and outlays.

Technical estimating differences and other changes result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Technical changes accounted for a net decrease of \$20.3 billion. The largest decrease was for Medicare.

Deficit/Surplus

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 1999. This section combines these effects to show the net impact of these differences on the deficit or surplus.

As shown in Table 17-3, the 1999 current services deficit was initially estimated to be \$2.6 billion. The actual surplus was \$124.4 billion, which was a \$127.0 billion change from the initial estimate. Receipts were \$97.6 billion more than the initial estimate, and outlays were \$29.4 billion less. The table shows the distribution of the changes according to the categories in the preceding two sections.

The net effect of policy decreases for receipts and outlays increased the deficit \$10.0 billion.

Economic conditions that differed from the initial assumptions in February 1998 accounted for an estimated \$55.9 billion decrease in the deficit. This was the combined effect of an increase in receipts of \$36.7 billion and a decrease in outlays of \$19.1 billion. Technical factors decreased the deficit by an estimated \$81.2 billion. This was due to an increase in receipts of \$60.9 billion and a decrease in outlays of \$20.3 billion for technical estimating reasons.

Table 17-2. COMPARISON OF ACTUAL 1999 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES

(In billions of dollars)

| | Current Services (Feb. 1998) | Changes | | | | Actual |
|-------------------------------|------------------------------------|-------------|--------------|--------------|---------------|----------------|
| | | Policy | Economic | Technical | Total changes | |
| Discretionary: | | | | | | |
| Defense | 271.0 | 3.5 | ..... | 1.0 | 4.5 | 275.5 |
| Nondefense | 298.4 | 5.0 | ..... | -3.9 | 1.1 | 299.5 |
| Subtotal, discretionary | 569.4 | 8.5 | ..... | -2.9 | 5.6 | 575.0 |
| Mandatory: | | | | | | |
| Deposit insurance | -4.4 | ..... | -0.1 | -0.8 | -0.9 | -5.3 |
| Other programs | 925.3 | 1.2 | -10.1 | -12.8 | -21.7 | 903.6 |
| Subtotal, mandatory | 920.9 | 1.2 | -10.1 | -13.6 | -22.6 | 898.3 |
| Net interest | 242.1 | 0.3 | -9.0 | -3.7 | -12.4 | 229.7 |
| Total outlays | 1,732.4 | 10.0 | -19.1 | -20.3 | -29.4 | 1,703.0 |

Table 17-3. COMPARISON OF THE ACTUAL 1999 SURPLUS WITH THE INITIAL CURRENT SERVICES ESTIMATES OF THE DEFICIT

(In billions of dollars)

| | Current Services (Feb. 1998) | Changes | | | | Actual |
|----------------------------------|------------------------------|--------------|-------------|-------------|---------------|--------------|
| | | Policy | Economic | Technical | Total changes | |
| Receipts | 1,729.8 | —* | 36.7 | 60.9 | 97.6 | 1,827.5 |
| Outlays | 1,732.4 | 10.0 | -19.1 | -20.3 | -29.4 | 1,703.0 |
| Surplus/deficit (-) | -2.6 | -10.0 | 55.9 | 81.2 | 127.0 | 124.4 |

* indicates \$50 million or less.

Note: Surplus/deficit(-) changes are receipts minus outlays. For these changes, a plus indicates an increase in the surplus or a decrease in the deficit.

Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 1999

This section compares the original 1999 outlay estimates for mandatory and related programs under current law in the 1999 Budget (February 1998) with the actual outlays. Mandatory and related programs are programs with permanent spending authority that is generally controlled by authorizing legislation rather than by annual appropriations. Outlays for these programs depend on eligibility criteria, benefit levels, and other factors established in law. Major examples of these programs include Social Security and Medicare benefits for the elderly, agricultural price support payments to farmers, and deposit insurance for banks and thrift institutions. This category also includes net interest outlays and undistributed offsetting receipts.

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

Table 17-4 shows the differences between the actual outlays for these programs in 1999 and the amounts originally estimated in the 1999 Budget, based on laws in effect at that time. Actual outlays for mandatory spending and net interest in 1999 were \$1,128.1 billion, which was \$35.0 billion less than the initial estimate of \$1,163.0 billion, based on existing law in February 1998.

Actual outlays for mandatory human resources programs were \$921.7 billion, \$39.6 billion less than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences.

Outlays for other functions were \$14.9 billion more than originally estimated, largely because of increases of \$11.1 billion for agriculture programs. Undistributed offsetting receipts were \$2.1 billion less than expected.

Outlays for net interest were \$229.7 billion or \$12.4 billion less than the original estimate. This decrease was the net effect of changes in interest rates from those initially assumed, lower borrowing requirements due to actual surpluses in 1998 and 1999, and technical factors.

Table 17-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW

(In billions of dollars)

| | 1999 | | |
|--|--------------------|---------|--------|
| | Feb. 1998 estimate | Actual | Change |
| Mandatory outlays: | | | |
| Human resources programs: | | | |
| Education, training, employment, and social services | 13.9 | 11.3 | -2.7 |
| Health: | | | |
| Medicaid | 107.9 | 108.0 | 0.1 |
| Other | 7.1 | 6.1 | -1.0 |
| Total health | 115.1 | 114.1 | -0.9 |
| Medicare | 204.7 | 187.7 | -17.0 |
| Income security: | | | |
| Retirement and disability | 81.1 | 76.5 | -4.6 |
| Unemployment compensation | 23.9 | 21.4 | -2.6 |
| Food and nutrition assistance | 33.1 | 28.7 | -4.4 |
| Other | 72.0 | 71.2 | -0.8 |
| Total, income security | 210.1 | 197.8 | -12.4 |
| Social security | 392.8 | 387.0 | -5.9 |
| Veterans benefits and services: | | | |
| Income security for veterans | 23.3 | 22.2 | -1.1 |
| Other | 1.4 | 1.7 | 0.3 |
| Total veterans benefits and services | 24.7 | 23.8 | -0.8 |
| Total mandatory human resources programs | 961.3 | 921.7 | -39.6 |
| Other functions: | | | |
| Agriculture | 7.0 | 18.1 | 11.1 |
| Deposit insurance | -4.4 | -5.3 | -0.9 |
| Other functions | -0.4 | 4.3 | 4.7 |
| Total, other functions | 2.2 | 17.1 | 14.9 |
| Undistributed offsetting receipts: | | | |
| Employer share, employee retirement | -36.6 | -35.6 | 1.0 |
| Rents and royalties on the outer continental shelf | -4.2 | -3.1 | 1.1 |
| Other undistributed offsetting receipts | -1.8 | -1.8 | 0.1 |
| Total undistributed offsetting receipts | -42.6 | -40.4 | 2.1 |
| Total, mandatory | 920.9 | 898.3 | -22.6 |
| Net interest: | | | |
| Interest on the public debt | 366.8 | 353.5 | -13.2 |
| Interest received by trust funds | -118.8 | -118.6 | 0.2 |
| Other interest | -5.8 | -5.1 | 0.7 |
| Total net interest | 242.1 | 229.7 | -12.4 |
| Total outlays for mandatory and net interest | 1,163.0 | 1,128.1 | -35.0 |

Reconciliation of Differences with Amounts Published by Treasury for 1999

Table 17-5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 30, 1999, Monthly Treasury Statement and those published in this budget. The Department of the Treasury made

technical adjustments to the estimates for the U.S. Government Annual Report, which lowered outlays by \$539 million. Additional adjustments made for this budget increased receipts by \$169 million and decreased outlays by \$966 million. The major changes were for Federal family education loans and transactions of the United Mine Workers of America benefit funds.

Table 17-5. RECONCILIATION OF FINAL AMOUNTS FOR 1999

(In millions of dollars)

| | Receipts | Outlays | Surplus |
|--|-----------|-----------|---------|
| Totals published by Treasury (September 30, 1999, Monthly Treasury Statement) .. | 1,827,285 | 1,704,545 | 122,740 |
| Miscellaneous Treasury adjustments. | | -539 | 539 |
| Totals published by Treasury in U.S. Government Annual Report ¹ | 1,827,285 | 1,704,006 | 123,279 |
| Federal family education loans ¹ | | -1,086 | 1,086 |
| United Mine Workers of America benefit funds | 148 | 148 | |
| Other | 21 | -28 | 49 |
| Total adjustments, net | 169 | -966 | 1,135 |
| Totals in the budget | 1,827,454 | 1,703,040 | 124,414 |
| MEMORANDUM: | | | |
| Total change September 30, 1999, Monthly Treasury Statement | 169 | -1,505 | 1,674 |

¹ Estimates shown for the Treasury Annual Report are consistent with detailed estimates in the Treasury Annual Report Appendix. The Federal family education loan change is included in Treasury Annual Report summary material.

18. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

Budget authority is the authority provided by law to incur financial obligations that will result in outlays.¹ Budget authority must be provided in laws, in accordance with Article I, Section 9, of the Constitution: “No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law . . .” Hence, Federal agencies cannot obligate the Government to make outlays until budget authority has been provided to them by appropriation.

New budget authority for most Federal programs is provided in 13 annually enacted appropriations acts.² However, new budget authority for more than half of all outlays is made available through permanent appropriations under enacted legislation other than annual appropriation acts. This consists mainly of 1) budget authority for trust funds, which for most trust funds is permanently appropriated under existing law from the available balance of their receipts and equals the estimated annual obligations of the funds; 2) interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847 and equals interest outlays; and 3) the authority to spend the proceeds from offsetting collections credited to appropriation or fund accounts.

Not all of the new budget authority for 2001 will be obligated or spent in 2001:³

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts (limited, in most cases, by the estimated obligations). Any unexpended balances remain available to these trust funds indefinitely in order to finance benefits and for other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though work will take place and outlays will be made over a period extending beyond the year for which the budget authority is enacted.
- Until the 1998 budget, budget authority for large portions of the subsidized housing programs was

equal to the Government’s estimated obligation to pay subsidies under contracts, which extended for periods of up to 40 years. These contracts are now for one year only and the budget authority requirements are therefore now appropriated year-by-year.

- New budget authority for most other long-term contracts covers the estimated maximum obligation of the Government.
- Budget authority for most education and job training activity is appropriated for school or program years that begin in the fourth quarter of the fiscal year. Most of these funds result in outlays in the year after the year of appropriation. The amounts of such “advance appropriations” have increased substantially in recent years.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in special circumstances.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, primarily the amount for contingencies that do not occur or reserves that never have to be used. Also, some budget authority results in an exchange of assets for which no corresponding outlays are scored; budget authority backing International Monetary Fund arrangements to resolve Asian monetary crises is an example.

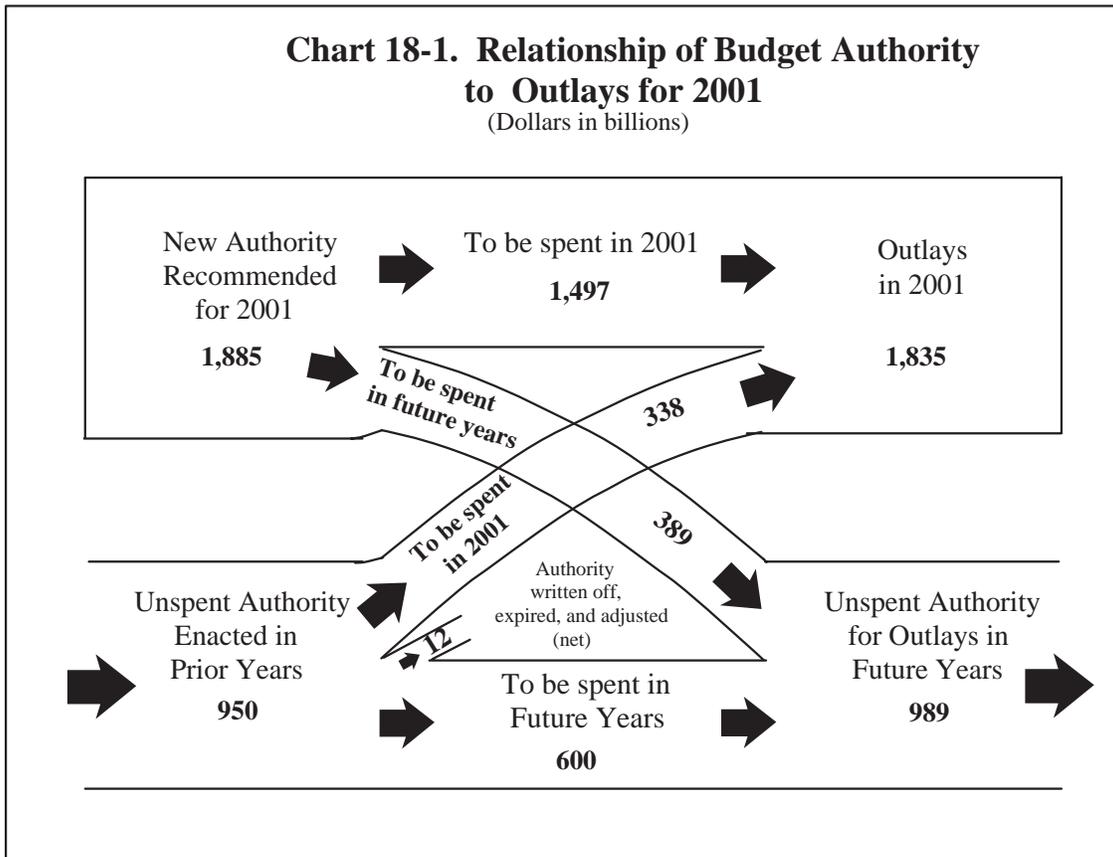
As shown in the following chart, \$338 billion of the outlays in 2001 (18 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$389 billion of the new budget authority proposed for 2001 (21 percent of the total amount proposed) will not lead to outlays until future years. Although outlays in 2001 are, coincidentally, very nearly equal to budget authority for that year (97.3 percent), this coincidence only occurs because the prior-year authority that will produce 2001 outlays (\$338 billion) nearly equals the new 2001 authority that will not be spent until future years (\$389 billion). Thus, in general, the total budget authority for a particular year is not directly indicative of that year’s outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays.

¹The relationship of budget authority, obligations, and outlays is discussed generally in Chapter 24 of this volume, “Budget System and Concepts and Glossary;” for most individual budget accounts, this relationship is traced in a “program and financing” schedule [table] in the budget Appendix volume.

²In recent decades, some or all of the 13 “regular” appropriation bills have sometimes been consolidated into single acts.

³This subject is also discussed in a separate OMB report, “Balances of Budget Authority,” which can be purchased from the National Technical Information Service shortly after the budget is transmitted and is made available, with the other budget documents, on the internet.

Chart 18-1. Relationship of Budget Authority to Outlays for 2001
(Dollars in billions)



19. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The budget does not include some activities of the Federal Government that result in the same kind of spending as budget outlays. These activities nevertheless channel economic resources toward particular uses in the same way as budget spending. They are discussed in the following section on off-budget Federal entities.

The budget also does not include some activities that are related to the Federal Government but that are non-budgetary by their inherent nature. In some cases this is because they are not activities of the Government itself, and in other cases this is because the transactions are not costs to the Government. Nevertheless, many of these activities are discussed in the budget documents, and in some cases the amounts involved are presented together with budget data. They are discussed in the section of this chapter on non-budgetary activities.

Off-Budget Federal Entities

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

Every year since 1971, however, at least one Federal entity has been off-budget. Off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals by law. When a Federal entity is off-budget, its receipts, outlays, and surplus or deficit are not included in budget receipts, budget outlays, or the budget surplus or deficit; and its budget authority is not included in the totals of budget authority for the budget. The Budget Enforcement Act of 1990 excludes these entities from general enforcement provisions (except for the administrative expenses of Social Security), although it has special enforcement provisions for Social Security.

The off-budget Federal entities conduct programs of the same type as the on-budget entities (i.e., Federal entities included in the budget totals). Most of the tables in the budget include the on-budget and off-budget amounts in combination, or add them together to arrive at the unified or consolidated Government totals, to show Federal outlays and receipts comprehensively.

The off-budget Federal entities currently consist of the two Social Security trust funds, old-age and survivors insurance and disability insurance, and the Postal Service fund. Social Security was removed from the budget in 1985 and the Postal Service fund in 1989. A number of other entities were off-budget at different

times before 1986 but were moved onto the budget by law as of 1986 or earlier.

The following table divides the total Federal Government receipts, outlays, and surplus or deficit for years before 2001 between the on-budget and off-budget amounts. Beginning in 2001, it also shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. These amounts will not be available for spending under the budget resolution or on the PAYGO scorecard. They will be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. The difference between on-budget receipts and on-budget outlays in this table is therefore divided between the on-budget surplus and the Medicare Solvency Debt Reduction Reserve.¹

Within this table Social Security is classified as off-budget for all years, in order to provide consistent comparison over time. The much smaller Postal Service transactions are classified as off-budget starting in 1989. Entities that were off-budget at one time but are now on-budget are classified as on-budget for all years.

In 2001, the off-budget receipts are an estimated 25 percent of total receipts, and the off-budget outlays are an estimated 19 percent of total outlays. The off-budget surplus of \$160 billion accounts for most of the unified budget surplus of \$184 billion. The off-budget surplus consists almost entirely of Social Security. Social Security had a small surplus or even a deficit in the 1970s and early 1980s, but the surplus has grown by very large amounts and is estimated to increase each year throughout the projection period. By 2010 the off-budget surplus of \$272 billion is still the major part of the unified budget surplus of \$363 billion.

Non-Budgetary Activities

Federal credit: budgetary and non-budgetary transactions.—The Federal Credit Reform Act of 1990 refined budget concepts by distinguishing between the costs of credit programs, which are budgetary in nature, and the other transactions of credit programs, which are not. For 1992 and subsequent years, the costs of direct loans and loan guarantees have been calculated as the present value of estimated cash outflows from the Government less the present value of estimated cash inflows to the Government. These costs are equivalent to the outlays of other Federal programs and are included in the budget as outlays of credit program accounts when the Federal Government makes a direct

¹This proposal is part of a broader budget framework proposal discussed in chapter 13, "Preview Report."

TABLE 19-1. COMPARISON OF TOTAL, ON-BUDGET, OFF-BUDGET, AND MEDICARE SOLVENCY TRANSACTIONS ¹
(In billions of dollars)

| Fiscal Year | Receipts | | | Outlays | | | Surplus or deficit (-) | | | |
|---------------------|----------|-----------|------------|---------|-----------|------------|------------------------|-----------|------------|-------------------|
| | Total | On-budget | Off-budget | Total | On-budget | Off-budget | Total | On-budget | Off-budget | Medicare Solvency |
| 1975 | 279.1 | 216.6 | 62.5 | 332.3 | 271.9 | 60.4 | -53.2 | -55.3 | 2.0 | ..... |
| 1976 | 298.1 | 231.7 | 66.4 | 371.8 | 302.2 | 69.6 | -73.7 | -70.5 | -3.2 | ..... |
| TQ | 81.2 | 63.2 | 18.0 | 96.0 | 76.6 | 19.4 | -14.7 | -13.3 | -1.4 | ..... |
| 1977 | 355.6 | 278.7 | 76.8 | 409.2 | 328.5 | 80.7 | -53.7 | -49.8 | -3.9 | ..... |
| 1978 | 399.6 | 314.2 | 85.4 | 458.7 | 369.1 | 89.7 | -59.2 | -54.9 | -4.3 | ..... |
| 1979 | 463.3 | 365.3 | 98.0 | 504.0 | 404.1 | 100.0 | -40.7 | -38.7 | -2.0 | ..... |
| 1980 | 517.1 | 403.9 | 113.2 | 590.9 | 476.6 | 114.3 | -73.8 | -72.7 | -1.1 | ..... |
| 1981 | 599.3 | 469.1 | 130.2 | 678.2 | 543.1 | 135.2 | -79.0 | -74.0 | -5.0 | ..... |
| 1982 | 617.8 | 474.3 | 143.5 | 745.8 | 594.4 | 151.4 | -128.0 | -120.1 | -7.9 | ..... |
| 1983 | 600.6 | 453.2 | 147.3 | 808.4 | 661.3 | 147.1 | -207.8 | -208.0 | 0.2 | ..... |
| 1984 | 666.5 | 500.4 | 166.1 | 851.9 | 686.1 | 165.8 | -185.4 | -185.6 | 0.3 | ..... |
| 1985 | 734.1 | 547.9 | 186.2 | 946.4 | 769.6 | 176.8 | -212.3 | -221.7 | 9.4 | ..... |
| 1986 | 769.2 | 569.0 | 200.2 | 990.5 | 807.0 | 183.5 | -221.2 | -238.0 | 16.7 | ..... |
| 1987 | 854.4 | 641.0 | 213.4 | 1,004.1 | 810.3 | 193.8 | -149.8 | -169.3 | 19.6 | ..... |
| 1988 | 909.3 | 667.8 | 241.5 | 1,064.5 | 861.8 | 202.7 | -155.2 | -194.0 | 38.8 | ..... |
| 1989 | 991.2 | 727.5 | 263.7 | 1,143.7 | 932.8 | 210.9 | -152.5 | -205.2 | 52.8 | ..... |
| 1990 | 1,032.0 | 750.3 | 281.7 | 1,253.2 | 1,028.1 | 225.1 | -221.2 | -277.8 | 56.6 | ..... |
| 1991 | 1,055.0 | 761.2 | 293.9 | 1,324.4 | 1,082.7 | 241.7 | -269.4 | -321.6 | 52.2 | ..... |
| 1992 | 1,091.3 | 788.9 | 302.4 | 1,381.7 | 1,129.3 | 252.3 | -290.4 | -340.5 | 50.1 | ..... |
| 1993 | 1,154.4 | 842.5 | 311.9 | 1,409.5 | 1,142.9 | 266.6 | -255.1 | -300.5 | 45.3 | ..... |
| 1994 | 1,258.6 | 923.6 | 335.0 | 1,461.9 | 1,182.5 | 279.4 | -203.3 | -258.9 | 55.7 | ..... |
| 1995 | 1,351.8 | 1,000.8 | 351.1 | 1,515.8 | 1,227.2 | 288.7 | -164.0 | -226.4 | 62.4 | ..... |
| 1996 | 1,453.1 | 1,085.6 | 367.5 | 1,560.6 | 1,259.7 | 300.9 | -107.5 | -174.1 | 66.6 | ..... |
| 1997 | 1,579.3 | 1,187.3 | 392.0 | 1,601.3 | 1,290.7 | 310.6 | -22.0 | -103.4 | 81.4 | ..... |
| 1998 | 1,721.8 | 1,306.0 | 415.8 | 1,652.6 | 1,336.0 | 316.6 | 69.2 | -30.0 | 99.2 | ..... |
| 1999 | 1,827.5 | 1,383.0 | 444.5 | 1,703.0 | 1,382.3 | 320.8 | 124.4 | 0.7 | 123.7 | ..... |
| 2000 estimate | 1,956.3 | 1,479.5 | 476.8 | 1,789.6 | 1,460.6 | 328.9 | 166.7 | 18.9 | 147.8 | ..... |
| 2001 estimate | 2,019.0 | 1,519.1 | 499.9 | 1,835.0 | 1,494.8 | 340.3 | 184.0 | 9.0 | 159.6 | 15.4 |
| 2002 estimate | 2,081.2 | 1,559.0 | 522.2 | 1,895.3 | 1,545.2 | 350.2 | 185.9 | 1.2 | 172.1 | 12.6 |
| 2003 estimate | 2,147.5 | 1,603.2 | 544.2 | 1,962.9 | 1,602.9 | 359.9 | 184.6 | 0.3 | 184.3 | ..... |
| 2004 estimate | 2,236.1 | 1,669.4 | 566.7 | 2,041.1 | 1,669.1 | 372.0 | 195.0 | 0.3 | 194.6 | ..... |
| 2005 estimate | 2,340.9 | 1,742.3 | 598.6 | 2,125.5 | 1,740.5 | 384.9 | 215.4 | 1.8 | 213.7 | ..... |
| 2006 estimate | 2,440.3 | 1,817.3 | 623.0 | 2,184.7 | 1,785.9 | 398.8 | 255.6 | 1.4 | 224.2 | 30.0 |
| 2007 estimate | 2,558.8 | 1,906.3 | 652.5 | 2,267.0 | 1,853.2 | 413.8 | 291.8 | 1.1 | 238.7 | 52.0 |
| 2008 estimate | 2,676.0 | 1,995.6 | 680.4 | 2,361.9 | 1,931.7 | 430.2 | 314.1 | 0.1 | 250.2 | 63.8 |
| 2009 estimate | 2,785.2 | 2,076.7 | 708.6 | 2,456.1 | 2,007.1 | 449.0 | 329.1 | 0.1 | 259.6 | 69.4 |
| 2010 estimate | 2,916.7 | 2,173.8 | 742.9 | 2,553.4 | 2,082.7 | 470.6 | 363.3 | 0.2 | 272.3 | 90.8 |

¹Off-budget transactions consist of the social security trust funds for all years and the Postal Service fund as of 1989. The Medicare Solvency Debt Reduction Reserve consists of Medicare solvency transfers and reserve for catastrophic prescription drug coverage.

loan or guarantees a private loan. The complete cash transactions with the public—the disbursement and repayment of loans, the payment of default claims on guarantees, the collection of interest and fees, and so forth—are recorded in separate financing accounts. The transactions of the financing accounts are not costs to the Government except for those costs that are already included in the credit program accounts. Therefore, they are non-budgetary in concept, and the Act excludes them from the budget.² Because the financing accounts are non-budgetary in concept, they are not classified as off-budget Federal entities.

The budget outlays of credit programs thus reflect only the cost of Government credit decisions, and they reflect this cost when the Federal credit assistance is provided. This enables the budget to fulfill better its purpose of being a financial plan for allocating resources among alternative uses: comparing the cost of

a program with its benefits, comparing the cost of credit programs with the cost of other spending programs, and comparing the cost of one type of credit assistance with the cost of another type. Because the financing accounts do affect the Government's cash position, they change the amount of the Government's borrowing requirement or debt repayment as explained in chapter 12 of this volume, "Federal Borrowing and Debt."³

Credit programs are discussed in chapter 8 of this volume, "Federal Credit and Insurance."

Premiums and discounts on debt buybacks.—The Treasury Department plans to buy back outstanding

³For more explanation of the budget concepts for direct loans and loan guarantees, see the section on Federal credit in chapter 24 of this volume, "Budget System and Concepts and Glossary." The structure of credit reform is further explained in chapter VIII.A of the *Budget, Fiscal Year 1992*, Part Two, pp. 223–26. The implementation of credit reform through 1995 is reviewed in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1997*, pp. 142–44. Refinements and simplifications enacted by the Balanced Budget Act of 1997 or provided by later OMB guidance are explained briefly in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1999*, p. 170.

²See sec. 505(b).

notes and bonds as part of its efforts to manage the reduction of the publicly held debt. The premiums and discounts on debt buybacks will be recorded outside the budget totals as a “means of financing other than borrowing from the public.” This is discussed in a section of chapter 24, “Budget System and Concepts and Glossary.”

Deposit funds.—Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees’ salaries and not yet paid to the States). The largest deposit fund is the Thrift Savings Fund, which holds stocks and bonds for Federal employees who participate in the Thrift Savings Plan, a defined contribution retirement plan. Because these assets are the property of the employees and are held by the Government in a fiduciary capacity, the transactions of the fund are not transactions of the Government itself and therefore are non-budgetary in concept. The administrative costs and the transactions of budgetary accounts with the fund are included in the budget.

Beginning in fiscal year 2000, the Federal budget excludes funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes’ behalf. The Indian tribal funds were included in the budget from the adoption of the unified budget in 1969 through fiscal year 1999 under the generic title, “tribal trust funds.” Most of these funds, however, are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes’ behalf. Therefore, the transactions of these funds are not transactions of the Government itself and are non-budgetary in concept, like the transactions of the Thrift Savings Fund. The Indian tribal funds with these characteristics have been reclassified as deposit funds. Reclassification does not affect the ownership of the fund assets, the legal obligations of the Secretary of the Interior, or the Federal management of the funds as prescribed by current law. The change in classification is discussed in chapter 15, “Trust Funds and Federal Funds.” Deposit funds as such are further discussed in a section of chapter 24, “Budget System and Concepts and Glossary.”

Taxation and tax expenditures.—Taxation provides the Government with income, which is included in the budget as “receipts,” and which withdraws purchasing power from the private sector to finance Government expenditure. In addition to this primary effect, taxation has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the composition of the Federal tax system, and by the rates and other structural characteristics of each Federal tax. These last effects of taxation on resource allocation and income distribution are analogous to the

effects of outlays, but they are not recorded as outlays nor are they measured by receipts.

Some of these last effects, but not all, arise from revenue losses caused by special exclusions, exemptions, deductions, and similar provisions as identified by comparison of the tax law with a baseline. Revenue losses caused by these special provisions are defined as “tax expenditures” and are discussed in chapter 5 of this volume, “Tax Expenditures.” Tax expenditures are also discussed in the individual chapters of Section V of the Budget, “Improving Government Performance,” in conjunction with the outlays that serve the same major purposes.

Government-sponsored enterprises.—The Federal Government has established a number of Government-sponsored enterprises, such as the Federal National Mortgage Association and the Farm Credit Banks, to provide financial intermediation for specified public purposes. They are excluded from the budget because they are privately owned and controlled. However, primarily because they were established by the Federal Government for public-policy purposes, estimates of their activities are reported in a separate chapter of the budget *Appendix*, their activities are analyzed in chapter 8 of this volume, “Credit and Insurance,” and their lending and borrowing are summarized in tables 8–11 and 8–12 of that chapter.

Regulation.—Some types of regulation have economic effects that are similar to budget outlays by requiring the private sector to make expenditures for specified purposes, such as safety and pollution control. The regulatory planning process is described annually in *The Regulatory Plan and the Unified Agenda of Federal Regulatory and Deregulatory Actions*.⁴ In 1996 the Office of Management and Budget published a report, *More Benefits, Fewer Burdens*, that documented efforts by this Administration to develop better new regulations, to change the face of existing regulations, and to change the culture of the regulatory system.⁵

In the fall of 1997 the Office of Management and Budget published a report on the costs and benefits of Federal regulation. That report discussed the development of the regulatory system and regulatory analysis, estimated the total annual costs and benefits of Federal regulatory programs, estimated the costs and benefits of recent major rules, and recommended ways to improve regulatory programs.⁶ It was updated with new data and information last year⁷ and will be updated again in a report being published early this year.

⁴The most recent publication was issued by the Regulatory Information Service Center in October 1999 (and printed in the Federal Register of November 22, 1999).

⁵Office of Information and Regulatory Affairs, Office of Management and Budget, *More Benefits, Fewer Burdens: Creating a Regulatory Systems that Works for the American People* (December 1996).

⁶Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (September 30, 1997).

⁷Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (1998).

20. OUTLAYS TO THE PUBLIC, NET AND GROSS

Table 20–1 shows net and gross outlays, and the relationship between them, for all major agencies. Outlays are the measure of Government spending. The budget records outlays when the Government makes payment for such things as Federal employee salaries, the purchase of supplies and equipment, grants to state and local governments, and benefits to individuals. The Government's gross outlays are the sum of all these payments.

The outlay totals in the budget, however whether for the Government as a whole or for agencies, programs, and functions (such as national defense) are net outlays, unless otherwise specified. Gross outlays, as the table shows, are the net outlays plus offsetting collections and receipts from the public. These constitute the income the Government receives from its business-like enterprises and other market activities with the public, such as the proceeds from selling postage stamps, the fees charged for admittance to recreational areas, and the proceeds from selling land or natural resources. The budget refers to them as "offsetting," because they are subtracted from gross outlays rather than added to taxes and other receipts resulting from governmental activities. The budget focuses on net outlay totals in order to show outlays and receipts that

measure governmental activity rather than a combination of governmental and market activity. As a result, the budget totals represent the amount of resources allocated and distributed by political decision making rather than by private choice and the market mechanism. The surplus is calculated by subtracting total outlays from total receipts. It would be the same if offsetting collections and receipts were included in total receipts and subtracted from gross outlays. This would hold true if outlays exceeded receipts, resulting in a deficit.

The table shows that offsetting receipts and collections are relatively much more important for some agencies than others. The outlays for the Federal Deposit Insurance Corporation are negative amounts, because its collections, mostly insurance premiums, currently exceed its payments. The amounts for "Allowances" cover certain transactions that are expected to increase or decrease outlays but are not, for various reasons, attributed to any specific agency. The amounts labeled "undistributed offsetting receipts" are deducted from the Government-wide outlay totals but not from any specific agency. Chapter 4, "User Fees and Other Collections," in this volume discusses offsetting collections and receipts in more detail.

Table 20-1. TOTAL OUTLAYS, NET AND GROSS OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 1999-2001

(In millions of dollars)

| (Department or other unit) | 1999 | | | 2000 | | | 2001 | | |
|---|------------------|---|--|------------------|---|--|------------------|---|--|
| | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public | Net Outlays | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public |
| Legislative Branch. | | | | | | | | | |
| Legislative Branch | 2,609 | 176 | 2,785 | 3,197 | 197 | 3,394 | 3,022 | 203 | 3,225 |
| Judicial Branch | 3,790 | 55 | 3,845 | 4,378 | 53 | 4,431 | 4,555 | 54 | 4,609 |
| Agriculture | 62,834 | 17,944 | 80,778 | 71,096 | 21,281 | 92,377 | 64,940 | 22,028 | 86,968 |
| Commerce | 5,036 | 1,074 | 6,110 | 8,134 | 1,145 | 9,279 | 5,407 | 1,322 | 6,729 |
| Defense Military | 261,380 | 9,199 | 270,579 | 277,476 | 9,174 | 286,650 | 277,484 | 8,817 | 286,301 |
| Education | 32,436 | 2,829 | 35,265 | 36,444 | 1,138 | 37,582 | 38,155 | 2,242 | 40,397 |
| Energy | 16,048 | 4,959 | 21,007 | 15,269 | 5,038 | 20,307 | 16,365 | 5,120 | 21,485 |
| Health and Human Services | 359,701 | 23,511 | 383,212 | 387,339 | 23,689 | 411,028 | 421,395 | 25,490 | 446,885 |
| Housing and Urban Development | 32,734 | 6,696 | 39,430 | 30,076 | 9,401 | 39,477 | 32,277 | 2,875 | 35,152 |
| Interior | 7,815 | 2,920 | 10,735 | 8,397 | 2,818 | 11,215 | 8,496 | 2,655 | 11,151 |
| Justice | 18,317 | 1,826 | 20,143 | 18,536 | 1,997 | 20,533 | 22,368 | 2,414 | 24,782 |
| Labor | 32,461 | 1,963 | 34,424 | 33,986 | 2,268 | 36,254 | 38,604 | 2,553 | 41,157 |
| State | 6,456 | 403 | 6,859 | 8,402 | 542 | 8,944 | 8,831 | 487 | 9,318 |
| Transportation | 41,829 | 400 | 42,229 | 45,925 | 442 | 46,367 | 49,042 | 713 | 49,755 |
| Treasury | 386,698 | 14,688 | 401,386 | 388,412 | 16,475 | 404,887 | 388,374 | 17,746 | 406,120 |
| Veteran Affairs | 43,168 | 3,619 | 46,787 | 46,723 | 3,565 | 50,288 | 46,442 | 3,109 | 49,551 |
| Corps of Engineers | 4,191 | 426 | 4,617 | 4,498 | 334 | 4,832 | 2,901 | 1,311 | 4,212 |
| Other Department of Defense Civil | 32,014 | 11 | 32,025 | 33,008 | 77 | 33,085 | 33,970 | 20 | 33,990 |
| Environmental Protection Agency | 6,750 | 356 | 7,106 | 7,040 | 307 | 7,347 | 7,453 | 300 | 7,753 |
| Executive Office of the President | 417 | 1 | 418 | 267 | 3 | 270 | 288 | 3 | 291 |
| Federal Emergency Management Agency | 4,039 | 1,435 | 5,474 | 3,198 | 1,560 | 4,758 | 2,222 | 1,771 | 3,993 |
| General Services Administration | -46 | 288 | 242 | 525 | 247 | 772 | 475 | 278 | 753 |
| International Assistance Programs | 10,059 | 13,631 | 23,690 | 10,498 | 12,310 | 22,808 | 12,207 | 12,182 | 24,389 |
| National Aeronautics and Space Administration | 13,664 | 848 | 14,512 | 13,447 | 956 | 14,403 | 13,676 | 875 | 14,551 |
| National Science Foundation | 3,283 | 0 | 3,283 | 3,596 | 0 | 3,596 | 3,972 | 0 | 3,972 |
| Office of Personnel Management | 47,515 | 6,161 | 53,676 | 49,352 | 6,680 | 56,032 | 51,829 | 7,198 | 59,027 |
| Small Business Administration | 57 | 1,254 | 1,311 | 107 | 1,025 | 1,132 | 675 | 529 | 1,204 |
| Social Security Administration | 419,787 | 4,814 | 424,601 | 439,465 | 5,006 | 444,471 | 455,595 | 5,194 | 460,789 |
| Federal Deposit Insurance Corporation | -5,026 | 4,684 | -342 | -1,047 | 2,645 | 1,598 | -1,246 | 1,295 | 49 |
| Postal Service | 1,050 | 61,957 | 63,007 | 1,598 | 63,998 | 65,596 | 540 | 67,421 | 67,961 |
| Other Independent Agencies | 11,051 | 14,328 | 25,379 | 13,450 | 11,993 | 25,443 | 14,920 | 9,786 | 24,706 |
| Allowances | 0 | 0 | 0 | 843 | 0 | 843 | -993 | 8,792 | 7,799 |
| Undistributed Offsetting Receipts | -159,077 | 4,852 | -154,225 | -174,073 | 5,626 | -168,447 | -189,208 | ..... | -189,208 |
| Total Outlays | 1,703,040 | 207,308 | 1,910,348 | 1,789,562 | 211,990 | 2,001,552 | 1,835,033 | 214,783 | 2,049,816 |

21. REPORT ON THE GOVERNMENT-WIDE RESCISSIONS IN THE CONSOLIDATED APPROPRIATIONS ACT, 2000 (P.L 106-113)

The FY 2000 Consolidated Appropriations Act rescinded 0.38 percent of discretionary budget authority and obligation limitations provided for FY 2000. The rescission applied to each department, agency, instrumentality, and entity of the Federal Government. There were no exceptions or exemptions. The Bill also specified the following:

- No program, project, or activity of any department, agency, instrumentality or entity can be reduced by more than 15 percent.

- No reduction can be taken from military personnel accounts.
- Reductions for the Department of Defense and the Department of Energy, Defense Activities, are to be applied proportionally to all Defense accounts.
- OMB is to report to the Congress in the FY 2001 Budget on the allocation of the rescission by account.

This chapter fulfills the Act's reporting requirement. Table 21-1 displays the accounts and the amount of the rescission allocated to each account.

**Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED
APPROPRIATIONS ACT**
(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| Legislative Branch | |
| Senate | |
| 001-05-00-0130 Senators' official personnel and office expense account | -2,036 |
| House of Representatives | |
| 001-10-00-0400 Salaries and expenses | -2,892 |
| Joint Items | |
| 001-11-00-XXXXX Joint Items, activities | -376 |
| Office of Compliance | |
| 001-12-09-1600 Salaries and expenses | -8 |
| Congressional Budget Office | |
| 001-14-08-0100 Salaries and expenses | -100 |
| Architect of the Capitol | |
| 001-15-01-0105 Capitol buildings, salaries and expenses | -178 |
| 001-15-01-0108 Capitol grounds | -21 |
| 001-15-01-0123 Senate office buildings | -243 |
| 001-15-01-0127 House office buildings | -142 |
| 001-15-01-0133 Capitol power plant | -145 |
| 001-15-01-0155 Library buildings and grounds, structural and mechanical care | -61 |
| Botanic Garden | |
| 001-18-09-0200 Salaries and expenses | -13 |
| Library of Congress | |
| 001-25-03-0101 Salaries and expenses | -975 |
| 001-25-03-0102 Copyright Office: Salaries and expenses | -142 |
| 001-25-03-0127 Congressional Research Service: Salaries and expenses | -270 |
| 001-25-03-0141 Books for the blind and physically handicapped: Salaries and expenses | -182 |
| 001-25-03-0146 Furniture and furnishings | -21 |
| Government Printing Office | |
| 001-30-04-0201 Office of Superintendent of Documents: Salaries and expenses | -114 |
| 001-30-04-0203 Congressional printing and binding | -280 |
| General Accounting Office | |
| 001-35-05-0107 Salaries and expenses | -1,400 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| United States Tax Court | |
| 001-40-23-0100 Salaries and expenses | -134 |
| Total, Legislative Branch | -9,733 |
| Judicial Branch | |
| Supreme Court of the United States | |
| 002-05-10-0100 Salaries and expenses | -129 |
| 002-05-10-0103 Care of the building and grounds | -30 |
| United States Court of Appeals for the Federal Circuit | |
| 002-07-10-0510 Salaries and expenses | -57 |
| United States Court of International Trade | |
| 002-15-10-0400 Salaries and expenses | -40 |
| Courts of Appeals, District Courts, and other Judicial Services | |
| 002-25-10-0923 Defender services | -6,243 |
| 002-25-10-0925 Fees of jurors and commissioners | -7,153 |
| Administrative Office of the United States Courts | |
| 002-26-10-0927 Salaries and expenses | -209 |
| Federal Judicial Center | |
| 002-30-10-0928 Salaries and expenses | -68 |
| United States Sentencing Commission | |
| 002-39-10-0938 Salaries and expenses | -32 |
| Total, Judicial Branch | -13,961 |
| Department of Agriculture | |
| Office of the Secretary | |
| 005-03-12-9913 Office of the Secretary | -1 |
| Executive Operations | |
| 005-04-12-0013 Office of the chief information officer | -5 |
| 005-04-12-0705 Executive operations | -16 |
| Departmental Administration | |
| 005-05-12-0117 Agriculture buildings and facilities and rental payments | -21 |
| 005-05-12-0120 Departmental administration | -30 |
| Office of the Inspector General | |
| 005-08-12-0900 Office of the Inspector General | -31 |
| Economic Research Service | |
| 005-13-12-1701 Economic research service | -56 |
| National Agricultural Statistics Service | |
| 005-15-12-1801 National agricultural statistics service | -72 |
| Agricultural Research Service | |
| 005-18-12-1400 Agricultural Research Service | -3,938 |
| Cooperative State Research, Education, and Extension Service | |
| 005-20-12-0502 Extension activities | -748 |
| 005-20-12-1500 Research and education activities | -3,817 |
| Animal and Plant Health Inspection Service | |
| 005-32-12-1600 Salaries and expenses | -3,495 |
| Food Safety and Inspection Service | |
| 005-35-12-3700 Salaries and expenses | -292 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Grain Inspection, Packers and Stockyards Administration | |
| 005-37-12-2400 Salaries and expenses | -15 |
| Agricultural Marketing Service | |
| 005-45-12-2500 Marketing services | -128 |
| 005-45-12-5209 Funds for strengthening markets, income, and supply (section 32) | -15 |
| Risk Management Agency | |
| 005-47-12-2707 Administrative and operating expenses | -17 |
| Farm Service Agency | |
| 005-49-12-0600 Salaries and expenses | -445 |
| 005-49-12-4336 Commodity credit corporation fund | -28,460 |
| Natural Resources Conservation Service | |
| 005-53-12-1000 Conservation operations | -431 |
| 005-53-12-1072 Watershed and flood prevention operations | -7,800 |
| 005-53-12-3336 Forestry incentives program | -948 |
| Rural Development | |
| 005-55-12-0400 Rural community advancement program | -25,200 |
| Rural Housing Service | |
| 005-63-12-1952 Salaries and expenses | -428 |
| Foreign Agricultural Service | |
| 005-68-12-2277 P.L. 480 program account | -8,000 |
| 005-68-12-2900 Foreign agricultural service and general sales manager | -17 |
| Food and Nutrition Service | |
| 005-84-12-3508 Food program administration | -169 |
| Forest Service | |
| 005-96-12-1103 Infrastructure | -2,033 |
| 005-96-12-1104 Forest and rangeland research | -190 |
| 005-96-12-1105 State, private and international forestry | -189 |
| 005-96-12-1106 National forest system | -8,320 |
| 005-96-12-1115 Wildland fire management | -527 |
| 005-96-12-9923 Land acquisition accounts | -73 |
| Total, Department of Agriculture | -95,927 |
| Department of Commerce | |
| Departmental Management | |
| 006-05-13-0120 Salaries and expenses | -108 |
| 006-05-13-0126 Office of the Inspector General | -68 |
| Economic Development Administration | |
| 006-06-13-2050 Economic development assistance programs | -1,329 |
| Bureau of the Census | |
| 006-07-13-0450 Periodic censuses and programs | -5,291 |
| Economic and Statistical Analysis | |
| 006-08-13-1500 Salaries and expenses | -169 |
| International Trade Administration | |
| 006-25-13-1250 Operations and administration | -1,055 |
| Export Administration | |
| 006-30-13-0300 Operations and administration | -185 |
| Minority Business Development Agency | |
| 006-40-13-0201 Minority business development | -93 |
| National Oceanic and Atmospheric Administration | |
| 006-48-13-1450 Operations, research, and facilities | -14,973 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| 006-48-13-1456 Fisheries finance, program account | -1 |
| 006-48-13-1460 Procurement, acquisition and construction | -3,201 |
| 006-48-13-5120 Fishermen's contingency fund | -4 |
| Patent and Trademark Office | |
| 006-51-13-1006 Salaries and expenses | -2,980 |
| Technology Administration | |
| 006-53-13-1100 Salaries and expenses | -27 |
| National Institute of Standards and Technology | |
| 006-55-13-0500 Scientific and technical research and services | -994 |
| 006-55-13-0515 Construction of research facilities | -1,535 |
| 006-55-13-0525 Industrial technology services | -656 |
| National Telecommunications and Information Administration | |
| 006-60-13-0550 Salaries and expenses | -22 |
| Total, Department of Commerce | -32,691 |
| Department of Defense—Military | |
| Operation and Maintenance | |
| 007-10-17-1106 Operation and maintenance, Marine Corps | -14,204 |
| 007-10-17-1107 Operation and maintenance, Marine Corps Reserve | -718 |
| 007-10-17-1236 Payment to kaho'olawe | -181 |
| 007-10-17-1804 Operation and maintenance, Navy | -116,397 |
| 007-10-17-1806 Operation and maintenance, Navy Reserve | -4,959 |
| 007-10-21-2020 Operation and maintenance, Army | -97,586 |
| 007-10-21-2065 Operation and maintenance, Army National Guard | -16,347 |
| 007-10-21-2080 Operation and maintenance, Army Reserve | -7,597 |
| 007-10-57-3400 Operation and maintenance, Air Force | -105,469 |
| 007-10-57-3740 Operation and maintenance, Air Force Reserve | -9,218 |
| 007-10-57-3840 Operation and maintenance, Air National Guard | -16,760 |
| 007-10-97-0100 Operation and maintenance, Defense-wide | -59,413 |
| 007-10-97-0104 United States Courts of Appeals for the armed forces | -39 |
| 007-10-97-0105 Drug interdiction and counter-drug activities, Defense | -4,328 |
| 007-10-97-0107 Office of the Inspector General | -712 |
| 007-10-97-0118 Overseas contingency operations transfer account | -8,908 |
| 007-10-97-0130 Defense health program | -57,630 |
| 007-10-97-0134 Former Soviet Union threat reduction account | -2,381 |
| 007-10-97-0810 The Department of Defense Environmental Restoration Accounts | -6,741 |
| 007-10-97-0819 Overseas humanitarian, disaster and civic aid | -289 |
| 007-10-97-0839 Quality of Life Enhancements, Defense | -1,551 |
| 007-10-97-0841 Pentagon renovation transfer fund | -1,152 |
| 007-10-97-5188 Disposal of DOD real property | -49 |
| 007-10-97-5189 Lease of DOD real property | -117 |
| 007-10-97-5193 Overseas military facility investment recovery | -22 |
| Procurement | |
| 007-15-17-1109 Procurement, Marine Corps | -6,701 |
| 007-15-17-1506 Aircraft procurement, Navy | -44,352 |
| 007-15-17-1507 Weapons procurement, Navy | -6,849 |
| 007-15-17-1508 Procurement of ammunition, Navy and Marine Corps | -2,113 |
| 007-15-17-1611 Shipbuilding and conversion, Navy | -36,055 |
| 007-15-17-1810 Other procurement, Navy | -22,138 |
| 007-15-21-0390 Chemical agents and munitions destruction, Army | -5,295 |
| 007-15-21-2031 Aircraft procurement, Army | -7,465 |
| 007-15-21-2032 Missile procurement, Army | -6,801 |
| 007-15-21-2033 Procurement of weapons and tracked combat vehicles, Army | -8,157 |
| 007-15-21-2034 Procurement of ammunition, Army | -6,195 |
| 007-15-21-2035 Other procurement, Army | -19,165 |
| 007-15-57-3010 Aircraft procurement, Air Force | -41,969 |
| 007-15-57-3011 Procurement of ammunition, Air Force | -1,393 |
| 007-15-57-3020 Missile procurement, Air Force | -10,691 |
| 007-15-57-3080 Other procurement, Air Force | -36,723 |
| 007-15-97-0300 Procurement, Defense-wide | -11,678 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| 007-15-97-0350 National guard and reserve equipment | -776 |
| 007-15-97-0360 Defense production act purchases | -16 |
| Research, Development, Test, and Evaluation | |
| 007-20-17-1319 Research, development, test, and evaluation, Navy | -46,821 |
| 007-20-21-2040 Research, development, test, and evaluation, Army | -27,133 |
| 007-20-57-3012 F-22 transfer account | -6,722 |
| 007-20-57-3600 Research, development, test, and evaluation, Air Force | -70,231 |
| 007-20-97-0400 Research, development, test, and evaluation, Defense-wide | -47,567 |
| 007-20-97-0450 Developmental test and evaluation, Defense | -1,375 |
| 007-20-97-0460 Operational test and evaluation, Defense | -163 |
| Military Construction | |
| 007-25-17-1205 Military construction, Navy | -4,662 |
| 007-25-17-1235 Military construction, Naval Reserve | -147 |
| 007-25-21-2050 Military construction, Army | -5,388 |
| 007-25-21-2085 Military construction, Army National Guard | -1,228 |
| 007-25-21-2086 Military construction, Army Reserve | -576 |
| 007-25-57-3300 Military construction, Air Force | -4,075 |
| 007-25-57-3730 Military construction, Air Force Reserve | -333 |
| 007-25-57-3830 Military construction, Air National Guard | -1,364 |
| 007-25-97-0103 Base realignment and closure account | -3,477 |
| 007-25-97-0500 Military construction, Defense-wide | -3,070 |
| 007-25-97-0804 North Atlantic Treaty Organization Security Investment Program | -419 |
| Family Housing | |
| 007-30-17-0703 Family housing, Navy and Marine Corps | -6,374 |
| 007-30-21-0702 Family housing, Army | -6,034 |
| 007-30-57-0704 Family housing, Air Force | -6,039 |
| 007-30-97-0706 Family housing, Defense-wide | -214 |
| 007-30-97-0834 Department of Defense, Family Housing Improvement Fund | -10 |
| Revolving and Management Funds | |
| 007-40-17-4557 National defense sealift fund | -3,709 |
| 007-40-97-4930 Working capital fund, Army | -467 |
| Trust Funds | |
| 007-55-97-8168 National security education trust fund | -41 |
| Total, Department of Defense—Military | -1,054,939 |
| Department of Education | |
| Office of Elementary and Secondary Education | |
| 018-10-91-0102 Impact aid | -4,048 |
| 018-10-91-0500 Education Reform | -3,188 |
| 018-10-91-1000 School improvement programs | -20,000 |
| Office of Special Education and Rehabilitative Services | |
| 018-20-91-0300 Special education | -450 |
| 018-20-91-0301 Rehabilitation services and disability research | -533 |
| Office of Postsecondary Education | |
| 018-40-91-0201 Higher education | -4,080 |
| Office of Student Financial Assistance | |
| 018-45-91-0200 Student financial assistance | -70,283 |
| Office of Educational Research and Improvement | |
| 018-50-91-1100 Education research, statistics, and improvement | -5,811 |
| Departmental Management | |
| 018-80-91-0800 Program administration | -250 |
| Total, Department of Education | -108,643 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Department of Energy | |
| National Nuclear Security Administration | |
| 019-05-89-0240 Weapons activities | -16,887 |
| 019-05-89-0309 Other nuclear security activities | -4,545 |
| Environmental and Other Defense Activities | |
| 019-10-89-0242 Defense environmental restoration and waste management | -17,041 |
| 019-10-89-0243 Other Defense Activities | -2,000 |
| 019-10-89-0244 Defense nuclear waste disposal | -426 |
| 019-10-89-0249 Defense environmental management privatization | -718 |
| 019-10-89-0251 Defense facilities closure projects | -4,045 |
| Energy Programs | |
| 019-20-89-0213 Fossil energy research and development | -1,592 |
| 019-20-89-0216 Energy information administration | -276 |
| 019-20-89-0217 Economic regulation | -8 |
| 019-20-89-0218 Strategic petroleum reserve | -604 |
| 019-20-89-0222 Science | -12,224 |
| 019-20-89-0224 Energy supply | -1,155 |
| 019-20-89-0235 Clean coal technology | -38 |
| 019-20-89-0250 Non-defense environmental management | -1,268 |
| 019-20-89-5227 Nuclear waste disposal fund | -899 |
| 019-20-89-5231 Uranium enrichment decontamination and decommissioning fund | -951 |
| Power Marketing Administration | |
| 019-50-89-0302 Operation and maintenance, Southeastern Power Administration | -15 |
| 019-50-89-0303 Operation and maintenance, Southwestern Power Administration | -109 |
| 019-50-89-5068 Construction, rehabilitation, operation and maintenance, Western Area Power Administration | -755 |
| Departmental Administration | |
| 019-60-89-0228 Departmental administration | -784 |
| Total, Department of Energy | -66,340 |
| Department of Health and Human Services | |
| Food and Drug Administration | |
| 009-10-75-0600 Program expenses | -2,977 |
| Health Resources and Services Administration | |
| 009-15-20-8175 Vaccine injury compensation program trust fund | -1 |
| 009-15-75-0340 Health Education assistance loans program account | -1 |
| 009-15-75-0350 Health Resources and Services | -21,356 |
| Indian Health Services | |
| 009-17-75-0390 Indian Health Services | -4,794 |
| 009-17-75-0391 Indian health facilities | -2,025 |
| Centers for Disease Control and Prevention | |
| 009-20-75-0943 Disease control, research, and training | -17,761 |
| 009-20-75-8606 Violent crime reduction programs | -1,009 |
| National Institutes of Health | |
| 009-25-75-0807 National Library of Medicine | -1,146 |
| 009-25-75-0819 John E. Fogarty International Center | -229 |
| 009-25-75-0838 Buildings and facilities | -10,000 |
| 009-25-75-0843 National Institute on Aging | -3,677 |
| 009-25-75-0844 National Institute of Child Health and Human Development | -4,593 |
| 009-25-75-0846 Office of the Director | -1,509 |
| 009-25-75-0848 Research resources | -3,619 |
| 009-25-75-0849 National Cancer Institute | -17,763 |
| 009-25-75-0851 National Institute of General Medical Sciences | -7,248 |
| 009-25-75-0862 National Institute of Environmental Health Sciences | -2,368 |
| 009-25-75-0872 National Heart, Lung and Blood Institute | -10,867 |
| 009-25-75-0873 National Institute of Dental Research | -1,442 |
| 009-25-75-0884 National Institute of Diabetes, and Digestive and Kidney Diseases | -6,112 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| 009-25-75-0885 National Institute of Allergy and Infectious Diseases | -5,025 |
| 009-25-75-0886 National Institute of Neurological Disorders and Stroke | -5,510 |
| 009-25-75-0887 National Eye Institute | -2,406 |
| 009-25-75-0888 National Institute of Arthritis and Musculoskeletal and Skin Diseases | -1,872 |
| 009-25-75-0889 National Center for Nursing Research | -478 |
| 009-25-75-0890 NID and Other Communicative Disorders | -1,414 |
| 009-25-75-0891 National Center for Human Genome Research | -1,795 |
| 009-25-75-0892 National Institute of Mental Health | -5,214 |
| 009-25-75-0893 National Institute on Drug Abuse | -3,667 |
| 009-25-75-0894 National Institute on Alcohol Abuse and Alcoholism | -1,566 |
| 009-25-75-0896 National Center for Complementary and Alternative Medicine | -363 |
| Substance Abuse and Mental Health Services Administration | |
| 009-30-75-1362 Substance abuse and mental health services | -3,085 |
| Agency for Healthcare Research and Quality | |
| 009-33-75-1700 Health care policy and research | -1,201 |
| Health Care Financing Administration | |
| 009-38-20-8004 Federal supplementary medical insurance trust fund ¹ | -861 |
| 009-38-20-8005 Federal hospital insurance trust fund ² | -1,353 |
| Administration for Children and Families | |
| 009-70-75-1503 Refugee and entrant assistance | -614 |
| 009-70-75-1536 Children and families services programs | -5,716 |
| 009-70-75-8605 Violent crime reduction programs | -426 |
| Administration on Aging | |
| 009-75-75-0142 Aging services programs | -1,437 |
| Departmental Management | |
| 009-90-75-0120 General departmental management | -1,478 |
| 009-90-75-0122 Policy research | -262 |
| 009-90-75-0135 Office for Civil Rights | -64 |
| 009-90-75-0140 Public health and social services emergency fund | -437 |
| Office of the Inspector General | |
| 009-92-75-0128 Office of the Inspector General | -106 |
| Total, Department of Health and Human Services | -166,847 |
| Department of Housing and Urban Development | |
| Public and Indian Housing Programs | |
| 025-03-86-0319 Housing certificate fund | -72,275 |
| Community Planning and Development | |
| 025-06-86-0162 Community development block grants | -18,765 |
| Total, Department of Housing and Urban Development | -91,040 |
| Department of the Interior | |
| Bureau of Land Management | |
| 010-04-14-1109 Management of lands and resources | -3,113 |
| 010-04-14-1110 Construction | -229 |
| 010-04-14-1114 Payments in lieu of taxes | -615 |
| 010-04-14-1116 Oregon and California grant lands | -450 |
| 010-04-14-1121 Central hazardous materials fund | -45 |
| 010-04-14-1125 Wildland fire management | -1,325 |
| Minerals Management Service | |
| 010-06-14-1917 Royalty and Offshore minerals | -569 |
| Office of Surface Mining Reclamation and Enforcement | |
| 010-08-14-1801 Regulation and technology | -340 |
| 010-08-14-5015 Abandoned mine reclamation fund | -335 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| Bureau of Reclamation | |
| 010-10-14-0680 Water and Related Resources | -1,935 |
| 010-10-14-0685 Bureau of reclamation loan program account | -848 |
| Central Utah Project | |
| 010-11-14-0787 Central Utah Project Completion Account | -137 |
| United States Geological Survey | |
| 010-12-14-0804 Surveys, investigations and research | -3,950 |
| United States Fish and Wildlife Service | |
| 010-18-14-1611 Resource management | -2,360 |
| 010-18-14-1612 Construction | -1,055 |
| 010-18-14-1652 Multinational species conservation fund | -9 |
| 010-18-14-1658 Commercial salmon fishery capacity reduction | -375 |
| 010-18-14-5091 National wildlife refuge fund | -40 |
| 010-18-14-5150 Wildlife conservation and appreciation fund | -3 |
| 010-18-14-5241 North American wetlands conservation fund | -43 |
| National Park Service | |
| 010-24-14-1036 Operation of the national park system | -3,290 |
| 010-24-14-1039 Construction and major maintenance | -4,092 |
| 010-24-14-1042 National recreation and preservation | -500 |
| 010-24-14-5140 Historic preservation fund | -419 |
| Bureau of Indian Affairs | |
| 010-76-14-2100 Operation of Indian programs | -4,249 |
| 010-76-14-2301 Construction | -302 |
| 010-76-14-2303 Indian land and water claim settlements and miscellaneous payments to Indians | -128 |
| 010-76-14-2628 Indian guaranteed loan program account | -23 |
| Departmental Management | |
| 010-84-14-0102 Salaries and expenses | -307 |
| Insular Affairs | |
| 010-85-14-0415 Compact of free association | -234 |
| Natural Resources Damage Assessment and Restoration | |
| 010-91-14-1618 Natural resource damage assessment fund | -26 |
| Total, Department of the Interior | -31,346 |
| Department of Justice | |
| General Administration | |
| 011-03-15-0132 Narrowband communications | -2 |
| 011-03-15-0339 Administrative review and appeals | -3 |
| Legal Activities and U.S. Marshals | |
| 011-05-15-0322 Salaries and expenses, United States Attorneys | -22 |
| 011-05-15-0324 Salaries and expenses, United States Marshals Service | -10 |
| Interagency Law Enforcement | |
| 011-07-15-0323 Interagency crime and drug enforcement | -6 |
| Federal Bureau of Investigation | |
| 011-10-15-0200 Salaries and expenses | -60 |
| Drug Enforcement Administration | |
| 011-12-15-1100 Salaries and expenses | -24 |
| Immigration and Naturalization Service | |
| 011-15-15-1217 Salaries and expenses | -21 |
| 011-15-15-1219 Construction | -2 |
| 011-15-15-1220 Border control system modernization, Title VIII | -10 |
| 011-15-15-8598 Violent crime reduction fund programs | -24 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Federal Prison System | |
| 011-20-15-1003 Buildings and facilities | -11 |
| 011-20-15-1060 Salaries and expenses | -61 |
| Office of Justice Programs | |
| 011-21-15-0404 State and local law enforcement assistance | -58,083 |
| 011-21-15-8586 Violent crime reduction programs, State and local law enforcement assistance | -12,005 |
| Total, Department of Justice | -70,344 |
| Department of Labor | |
| Employment and Training Administration | |
| 012-05-16-0174 Training and employment services | -12,258 |
| 012-05-20-8042 Unemployment trust fund | -19,260 |
| Pension and welfare benefit administration | |
| 012-11-16-1700 Salaries and expenses | -66 |
| Pension Benefit Guaranty Corporation | |
| 012-12-16-4204 Pension benefit guaranty corporation fund | -7 |
| Employment Standards Administration | |
| 012-15-16-0105 Salaries and expenses | -230 |
| Occupational Safety and Health Administration | |
| 012-18-16-0400 Salaries and expenses | -539 |
| Mine Safety and Health Administration | |
| 012-19-16-1200 Salaries and expenses | -329 |
| Bureau of Labor Statistics | |
| 012-20-16-0200 Salaries and expenses | -267 |
| Departmental Management | |
| 012-25-16-0165 Salaries and expenses | -263 |
| Total, Department of Labor | -33,219 |
| Department of State | |
| Administration of Foreign Affairs | |
| 014-05-19-0113 Diplomatic and consular programs | -10,587 |
| 014-05-19-0120 Capital investment fund | -330 |
| 014-05-19-0520 Protection of foreign missions and officials | -33 |
| 014-05-19-0522 Emergencies in the diplomatic and consular service | -23 |
| 014-05-19-0523 Payment to the American Institute in Taiwan | -63 |
| 014-05-19-0529 Office of the Inspector General | -113 |
| 014-05-19-0535 Embassy security, construction, and maintenance | -2,820 |
| 014-05-19-0545 Representation allowances | -24 |
| 014-05-19-0601 Repatriation loans program account | -5 |
| International Organizations and Conferences | |
| 014-10-19-1124 Contributions for international peacekeeping activities | -1,900 |
| 014-10-19-1126 Contributions to international organizations | -4,698 |
| International Commissions | |
| 014-15-19-1069 Salaries and expenses, IBWC | -81 |
| 014-15-19-1078 Construction, IBWC | -24 |
| 014-15-19-1082 American sections, international commissions | -23 |
| 014-15-19-1087 International fisheries commissions | -64 |
| Other | |
| 014-25-11-0040 United States emergency refugee and migration assistance fund | -48 |
| 014-25-19-0202 East West Center | -51 |
| 014-25-19-0203 North/South Center | -7 |
| 014-25-19-0209 Educational and cultural exchange programs | -845 |
| 014-25-19-0210 National Endowment for Democracy | -128 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| 014-25-19-0525 Payment to the Asia Foundation | -34 |
| 014-25-19-1022 International narcotics control and law enforcement | -1,159 |
| 014-25-19-1143 Migration and refugee assistance | -2,375 |
| 014-25-95-8271 Israeli Arab scholarship program | -4 |
| 014-25-95-8278 Eisenhower exchange fellowship program | -2 |
| Total, Department of State | -25,441 |
| Department of Transportation | |
| Office of the Secretary | |
| 021-04-69-0119 Minority business outreach | -18 |
| 021-04-69-0142 Transportation planning, research, and development | -10 |
| Coast Guard | |
| 021-08-69-0230 Environmental compliance and restoration | -65 |
| 021-08-69-0240 Acquisition, construction, and improvements | -1,478 |
| 021-08-69-0244 Alteration of bridges | -57 |
| Federal Aviation Administration | |
| 021-12-69-8106 Grants-in-aid for airports (Airport and airway trust fund) | -54,362 |
| Federal Highway Administration | |
| 021-15-69-8083 Federal-aid highways | -105,260 |
| Federal Railroad Administration | |
| 021-27-69-0722 Next generation high-speed rail | -103 |
| 021-27-69-0726 Rhode island rail development | -38 |
| 021-27-69-0730 Alaska railroad rehabilitation | -38 |
| Federal Transit Administration | |
| 021-36-69-8350 Trust fund share of expenses | -17,624 |
| Saint Lawrence Seaway Development Corporation | |
| 021-40-69-8003 Operations and maintenance | -46 |
| Office of Inspector General | |
| 021-56-69-0130 Salaries and expenses | -170 |
| Surface Transportation Board | |
| 021-61-69-0301 Salaries and expenses | -58 |
| Maritime Administration | |
| 021-70-69-1750 Operations and training | -274 |
| 021-70-69-1752 Maritime guaranteed loan (Title XI) program account | -37 |
| Total, Department of Transportation | -179,638 |
| Department of the Treasury | |
| Departmental Offices | |
| 015-05-20-0106 Office of Inspector General | -117 |
| 015-05-20-0108 Treasury buildings and annex repair and restoration | -300 |
| 015-05-20-0115 Department-wide systems and Capital Investments Programs | -513 |
| 015-05-20-0118 United States community adjustment and investment program | -38 |
| 015-05-20-0119 Inspector General for Tax Administration | -426 |
| 015-05-20-8526 Violent crime reduction program | -1,120 |
| 015-05-20-8530 Violent crime reduction program, Financial crime enforcement network | -113 |
| 015-05-20-8531 Violent crime reduction program, United States Secret Service | -630 |
| Federal Law Enforcement Training Center | |
| 015-08-20-0105 Acquisitions, construction, improvements, and related expenses | -436 |
| Interagency Law Enforcement | |
| 015-09-20-1501 Interagency crime and drug enforcement | -581 |
| 015-09-20-8525 Violent crime reduction, Interagency crime and drug enforcement | -56 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Financial Management Service | |
| 015-10-20-1801 Salaries and expenses | -765 |
| Bureau of Alcohol, Tobacco and Firearms | |
| 015-13-20-1000 Salaries and expenses | -1,186 |
| United States Customs Service | |
| 015-15-20-0602 Salaries and expenses | -7,137 |
| Bureau of the Public Debt | |
| 015-35-20-0560 Administering the public debt | -676 |
| Internal Revenue Service | |
| 015-45-20-0912 Processing, assistance, and management | -32,285 |
| United States Secret Service | |
| 015-55-20-1409 Acquisition, construction, improvements and related expenses | -738 |
| Total, Department of the Treasury | -47,117 |
| Department of Veterans Affairs | |
| Veterans Health Administration | |
| 029-15-36-0160 Medical care | -79,519 |
| Corps of Engineers | |
| 202-00-96-3122 Construction, general | -15,690 |
| Other Defense Civil Programs | |
| American Battle Monuments commission | |
| 200-15-74-0100 Salaries and expenses | -108 |
| Armed Forces Retirement Home | |
| 200-20-84-8522 Armed forces retirement home | -260 |
| Cemeterial Expenses | |
| 200-25-21-1805 Salaries and expenses | -47 |
| Selective Service System | |
| 200-45-90-0400 Salaries and expenses | -91 |
| Total, Other Defense Civil Programs | -506 |
| Environmental Protection Agency | |
| 020-00-20-8153 Leaking underground storage tank trust fund | -240 |
| 020-00-68-0103 State and Tribal Assistance Grants | -20,885 |
| 020-00-68-0107 Science and technology | -2,697 |
| 020-00-68-0108 Environmental Programs and Management | -4,733 |
| 020-00-68-0110 Buildings and facilities | -238 |
| 020-00-68-0112 Office of the Inspector General | -29 |
| 020-00-68-8221 Oil spill response | -26 |
| Total, Environmental Protection Agency | -28,848 |
| Executive Office of the President | |
| Compensation of the President and the White House Office | |
| 100-05-11-0110 Compensation of the President and the White House Office | -201 |
| Executive Residence at the White House | |
| 100-10-11-0109 White house repair and restoration | -3 |
| 100-10-11-0210 Operating expenses | -31 |
| Special Assistance to the President and the Official Residence of the Vice President | |
| 100-15-11-1454 Special Assistance to the President and the Official Residence of the Vice President | -15 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Council of Economic Advisers | |
| 100-20-11-1900 Salaries and expenses | -15 |
| Council on Environmental Quality and Office of Environmental Quality | |
| 100-25-11-1453 Council on Environmental Quality and Office of Environmental Quality | -11 |
| Office of Policy Development | |
| 100-30-11-2200 Salaries and expenses | -15 |
| National Security Council | |
| 100-35-11-2000 Salaries and expenses | -27 |
| Office of Administration | |
| 100-50-11-0038 Salaries and expenses | -148 |
| Office of Management and Budget | |
| 100-55-11-0300 Salaries and expenses | -239 |
| Office of National Drug Control Policy | |
| 100-60-11-1457 Salaries and expenses | -128 |
| 100-60-11-1461 Counterdrug technology assessment center | -198 |
| Office of Science and Technology Policy | |
| 100-65-11-2600 Office of science and technology policy | -19 |
| Office of the United States Trade Representative | |
| 100-70-11-0400 Salaries and expenses | -97 |
| Unanticipated Needs | |
| 100-95-11-0037 Unanticipated needs | -4 |
| Total, Executive Office of the President | -1,151 |
| Federal Emergency Management Agency | |
| 361-00-58-0100 Salaries and expenses | -50 |
| 361-00-58-0101 Emergency management planning and assistance | -218 |
| 361-00-58-0104 Disaster relief | -12,416 |
| 361-00-58-0300 Office of the Inspector General | -50 |
| Total, Federal Emergency Management Agency | -12,734 |
| General Services Administration | |
| Real Property Activities | |
| 023-05-47-4542 Federal buildings fund | -20,022 |
| International Assistance Programs | |
| International Security Assistance | |
| 184-05-11-1075 Non-proliferation, anti-terrorism, demining, and related programs | -820 |
| 184-05-11-1081 International military education and training | -190 |
| 184-05-11-1082 Foreign military financing program | -6,006 |
| 184-05-72-1032 Peacekeeping operations | -582 |
| 184-05-72-1037 Economic support fund | -22,913 |
| Multilateral Assistance | |
| 184-10-11-0073 Contribution to the International Development Association | -3,710 |
| 184-10-11-0079 Contribution to the African Development Fund | -1,000 |
| 184-10-72-1005 International organizations and programs | -1,118 |
| Agency for International Development | |
| 184-15-72-0401 Urban and environmental credit program account | -10 |
| 184-15-72-1000 Operating expenses of the Agency for International Development | -1,040 |
| 184-15-72-1007 Operating expenses of AID, Office of Inspector General | -50 |
| 184-15-72-1010 Assistance for Eastern Europe and the Baltic States | -2,030 |
| 184-15-72-1021 Sustainable development assistance program | -5,166 |
| 184-15-72-1035 International disaster assistance | -866 |
| 184-15-72-1093 Assistance for the independent states of the former Soviet Union | -3,188 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| 184-15-72-1095 Child survival and disease programs | -2,634 |
| Trade and Development Agency | |
| 184-25-11-1001 Trade and Development Agency | -167 |
| Peace Corps | |
| 184-35-11-0100 Peace Corps | -931 |
| Inter-American Foundation | |
| 184-40-11-3100 Inter-American Foundation | -19 |
| African Development Foundation | |
| 184-50-11-0700 African Development Foundation | -55 |
| Total, International Assistance Programs | -52,495 |
| National Aeronautics and Space Administration | |
| 026-00-80-0110 Science, Aeronautics and Technology | -25,805 |
| 026-00-80-0111 Human space flight | -23,000 |
| 026-00-80-0112 Mission support | -3,076 |
| Total, National Aeronautics and Space Administration | -51,881 |
| National Science Foundation | |
| 422-00-49-0100 Research and related activities | -7,538 |
| 422-00-49-0106 Education and human resources | -5,728 |
| 422-00-49-0180 Salaries and expenses | -100 |
| 422-00-49-0551 Major research equipment | -1,500 |
| Total, National Science Foundation | -14,866 |
| Office of Personnel Management | |
| 027-00-24-0100 Salaries and expenses | -344 |
| 027-00-24-0400 Office of Inspector General | -4 |
| 027-00-24-8135 Civil service retirement and disability fund | -314 |
| 027-00-24-8424 Employees life insurance fund | -7 |
| 027-00-24-9981 Employees and retired employees health benefits funds | -87 |
| Total, Office of Personnel Management | -756 |
| Small Business Administration | |
| 028-00-73-0100 Salaries and expenses | -3,185 |
| 028-00-73-0200 Office of Inspector General | -95 |
| Total, Small Business Administration | -3,280 |
| Social Security Administration | |
| 016-00-20-8006 Federal old-age and survivors insurance trust fund | -2,054 |
| 016-00-20-8007 Federal disability insurance trust fund | -21,781 |
| 016-00-28-0400 Office of the Inspector General | -248 |
| Total, Social Security Administration | -24,083 |
| Advisory Council on Historic Preservation | |
| 306-00-95-2300 Salaries and expenses | -11 |
| Appalachian Regional Commission | |
| 309-00-46-0200 Appalachian regional commission | -251 |
| Architectural and Transportation Barriers Compliance Board | |
| 310-00-95-3200 Salaries and expenses | -18 |
| Broadcasting Board of Governors | |
| 514-00-95-0204 Broadcasting capital improvements | -800 |
| 514-00-95-0206 International broadcasting operations | -655 |
| 514-00-95-0208 Broadcasting to Cuba | -84 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| Total, Broadcasting Board of Governors | -1,539 |
| Chemical Safety and Hazard Investigation Board | |
| Chemical Safety and Hazard Investigation Board | |
| 510-00-95-3850 Chemical safety and hazard investigation board | -30 |
| Commission of Fine Arts | |
| 323-00-95-2600 Salaries and expenses | -4 |
| 323-00-95-2602 National capital arts and cultural affairs | -27 |
| Total, Commission of Fine Arts | -31 |
| Commission on Civil Rights | |
| 326-00-95-1900 Salaries and expenses | -34 |
| Committee for Purchase from People who are Blind or Severely Disabled | |
| Committee for Purchase from People who are Blind or Severely Disabled, activities | |
| 338-00-95-2000 Salaries and expenses | -10 |
| Commodity Futures Trading Commission | |
| 339-00-95-1400 Commodity Futures Trading Commission | -239 |
| Consumer Product Safety Commission | |
| 343-00-61-0100 Salaries and expenses | -186 |
| Corporation for National and Community Service | |
| 485-00-95-0103 Domestic volunteer service programs, Operating expenses | -1,123 |
| 485-00-95-2720 National and community service programs, operating expenses | -1,347 |
| 485-00-95-2721 Inspector general | -15 |
| Total, Corporation for National and Community Service | -2,485 |
| Corporation for Public Broadcasting | |
| 344-00-20-0151 Corporation for public broadcasting | -1,243 |
| Court of Appeals for Veterans Claims | |
| 345-00-95-0300 Salaries and expenses | -42 |
| Court Services and Offender Supervision Agency for the District of Columbia | |
| 511-00-95-1734 Federal payment to the Court Services and Offender Supervision Agency for the District of C | -357 |
| Defense Nuclear Facilities Safety Board | |
| 347-00-95-3900 Salaries and expenses | -65 |
| Denali Commission | |
| 513-00-95-1200 Denali commission | -76 |
| District of Columbia | |
| District of Columbia Courts | |
| 349-10-20-1712 Federal payment to the District of Columbia Courts | -379 |
| District of Columbia Corrections | |
| 349-20-95-1735 Payment to the District of Columbia Corrections Trustee, Operations | -669 |
| District of Columbia General and Special Payments | |
| 349-30-20-1707 Federal support for economic development and management reforms in the District | -34 |
| 349-30-20-1736 Federal payment for resident tuition support | -192 |
| 349-30-20-1747 Federal payment to GSA (Lorton) | -27 |
| Total, District of Columbia | -1,301 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| Equal Employment Opportunity Commission | |
| 350-00-45-0100 Salaries and expenses | -1,072 |
| Export-Import Bank of the United States | |
| 351-00-83-0100 Export Import Bank loans program account | -3,036 |
| Federal Communications Commission | |
| 356-00-27-0100 Salaries and expenses | -91 |
| Federal Drug Control Programs | |
| 154-00-11-1070 High intensity drug trafficking areas program | -730 |
| 154-00-11-5001 Special forfeiture fund | -703 |
| Total, Federal Drug Control Programs | -1,433 |
| Federal Election Commission | |
| 360-00-95-1600 Salaries and expenses | -144 |
| Federal Labor Relations Authority | |
| 365-00-54-0100 Salaries and expenses | -91 |
| Federal Maritime Commission | |
| 366-00-65-0100 Salaries and expenses | -53 |
| Federal Mediation and Conciliation Service | |
| 367-00-93-0100 Salaries and expenses | -141 |
| Federal Mine Safety and Health Review Commission | |
| 368-00-95-2800 Salaries and expenses | -23 |
| Federal Trade Commission | |
| 370-00-29-0100 Salaries and expenses | -34 |
| Institute of American Indian and Alaska Native Culture and Arts Development | |
| 373-00-95-2900 Payment to the institute | -8 |
| Institute of Museum and Library Services | |
| 474-00-59-0300 Office of Museum Services: Grants and administration | -93 |
| 474-00-59-0301 Office of Library Services: Grants and administration | -634 |
| Total, Institute of Museum and Library Services | -727 |
| Intelligence Community Management Account | |
| 467-00-95-0401 Intelligence community management account | -498 |
| International Trade Commission | |
| 378-00-34-0100 Salaries and expenses | -167 |
| Legal Services Corporation | |
| 385-00-20-0501 Payment to the Legal Services Corporation | -1,159 |
| Marine Mammal Commission | |
| 387-00-95-2200 Salaries and expenses | -5 |
| Merit Systems Protection Board | |
| 389-00-41-0100 Salaries and expenses | -105 |
| Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation | |
| 487-00-95-0900 Federal payment to the Morris K Udall scholarship and excellence in national government | -8 |
| 487-00-95-5415 Environmental dispute resolution fund | -5 |
| Total, Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation ... | -13 |
| National Archives and Records Administration | |
| 393-00-88-0300 Operating expenses | -724 |
| 393-00-88-0302 Repairs and restoration | -122 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|---|-------------------------|
| Total, National Archives and Records Administration | -846 |
| National Capital Planning Commission | |
| 394-00-95-2500 Salaries and expenses | -24 |
| National Commission on Libraries and Information Science | |
| 400-00-95-2700 Salaries and expenses | -5 |
| National Council on Disability | |
| 413-00-95-3500 Salaries and expenses | -9 |
| National Credit Union Administration | |
| 415-00-25-4472 Community development credit union revolving loan fund | -4 |
| National Education Goals Panel | |
| 492-00-95-2650 National education goals panel | -9 |
| National Endowment for the Arts | |
| 417-00-59-0100 National endowment for the arts: Grants and administration | -372 |
| National Endowment for the Humanities | |
| 418-00-59-0200 National endowment for the humanities: Grants and administration | -440 |
| National Labor Relations Board | |
| 420-00-63-0100 Salaries and expenses | -783 |
| National Mediation Board | |
| 421-00-95-2400 Salaries and expenses | -38 |
| National Transportation Safety Board | |
| 424-00-95-0310 Salaries and expenses | -217 |
| Neighborhood Reinvestment Corporation | |
| 428-00-82-1300 Payment to the Neighborhood Reinvestment Corporation | -285 |
| Nuclear Regulatory Commission | |
| 429-00-31-0200 Salaries and expenses | -87 |
| Nuclear Waste Technical Review Board | |
| 431-00-48-0500 Salaries and expenses | -11 |
| Occupational Safety and Health Review Commission | |
| 432-00-95-2100 Salaries and expenses | -30 |
| Office of Government Ethics | |
| 434-00-95-1100 Salaries and expenses | -34 |
| Office of Navajo and Hopi Indian Relocation | |
| 435-00-48-1100 Salaries and expenses | -30 |
| Office of Special Counsel | |
| 436-00-62-0100 Salaries and expenses | -37 |
| Other Commissions and Boards | |
| 505-00-48-2970 Presidential Advisory Commission on Holocaust Assets in the U.S. | -10 |
| 505-00-95-3700 U.S. Commission for the Preservation of Americas Heritage Abroad | -2 |
| Total, Other Commissions and Boards | -12 |
| Postal Service | |
| 440-00-18-1001 Payment to the Postal Service fund | -380 |
| Presidio Trust | |
| 512-00-95-4331 Presidio Trust | -169 |
| Railroad Retirement Board | |
| 446-00-60-0111 Federal windfall subsidy | -661 |
| 446-00-60-8018 Limitation on the Office of the Inspector General | -20 |

Table 21-1. FY 2000 GOVERNMENT-WIDE RESCISSION CONSOLIDATED APPROPRIATIONS ACT—Continued

(in thousands of dollars)

| Account | Allocated Rescission |
|--|-------------------------|
| 446-00-60-8237 Limitation on administration | -345 |
| Total, Railroad Retirement Board | -1,026 |
| Smithsonian Institution | |
| 452-00-33-0100 Salaries and expenses | -1,671 |
| 452-00-33-0200 Salaries and expenses, National Gallery of Art | -259 |
| 452-00-33-0302 Operations and maintenance, JFK center for the performing arts | -53 |
| 452-00-33-0303 Construction, JFK center for the performing arts | -76 |
| 452-00-33-0400 Salaries and expenses, Woodrow Wilson International Center for Scholars | -27 |
| Total, Smithsonian Institution | -2,086 |
| State Justice Institute | |
| 453-00-48-0052 State Justice Institute: Salaries and expenses | -26 |
| United States Holocaust Memorial Council | |
| 456-00-95-3300 Holocaust Memorial Council | -125 |
| United States Institute of Peace | |
| 458-00-95-1300 Operating expenses | -49 |
| Total | -2,356,909 |

¹ Of the Supplementary medical insurance trust fund rescission, \$397,000 is from Health Care Financing Administration program management and \$464,000 is from the Social Security Administration's limitation on administrative expenses.

² Of the Hospital insurance trust fund rescission, \$817,000 is from Health Care Financing Administration program management and \$536,000 is from the Social Security Administration's limitation on administrative expenses.

INFORMATION TECHNOLOGY INVESTMENTS

22. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

Table 22-1. IT Performance Table
(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

| Agency | Count | FY 1999 | FY 2000 | FY 2001 |
|--|-------|------------|------------|------------|
| Department of Agriculture | | | | |
| Major Projects | 25 | 528 | 547 | 667 |
| Significant, Non-Major Projects | 0 | 0 | 0 | 0 |
| Other Projects ¹ ..... | ..... | 639 | 616 | 652 |
| Total IT Investments ..... | ..... | 1,167 | 1,163 | 1,319 |
| Department of Commerce | | | | |
| Major Projects | 31 | 562 | 614 | 432 |
| Significant, Non-Major Projects | 58 | 447 | 490 | 517 |
| Other Projects ..... | ..... | 123 | 131 | 157 |
| Total IT Investments ..... | ..... | 1,132 | 1,235 | 1,106 |
| Department of Defense | | | | |
| Major Projects | 78 | 6,300 | 6,300 | 6,300 |
| Significant, Non-Major Projects | 343 | 5,800 | 6,000 | 6,000 |
| Other Projects ..... | ..... | 4,500 | 4,600 | 4,500 |
| Total IT Investments ² ..... | ..... | 16,600 | 16,900 | 16,800 |
| Department of Education | | | | |
| Major Projects | 2 | 399 | 496 | 546 |
| Significant, Non-Major Projects | 0 | 0 | 0 | 0 |
| Other Projects ..... | ..... | 68 | 72 | 88 |
| Total IT Investments ..... | ..... | 467 | 568 | 634 |
| Department of Energy | | | | |
| Major Projects | 6 | 43 | 43 | 29 |
| Significant, Non-Major Projects | 75 | 915 | 961 | 1,001 |
| Other Projects ..... | ..... | 400 | 414 | 391 |
| Total IT Investments ..... | ..... | 1,358 | 1,418 | 1,421 |
| Department of Health and Human Services | | | | |
| Major Projects | 59 | 243 | 321 | 386 |
| Significant, Non-Major Projects | 364 | 2,671 | 2,457 | 2,457 |
| Other Projects ..... | ..... | 212 | 212 | 253 |
| Total IT Investments ..... | ..... | 3,125 | 2,990 | 3,096 |

Table 22-1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

| Agency | Count | FY 1999 | FY 2000 | FY 2001 |
|--|-------|---------|---------|---------|
| Department of Housing and Urban Development | | | | |
| Major Projects | 22 | 312 | 258 | 286 |
| Significant, Non-Major Projects | 7 | 0 | 16 | 22 |
| Other Projects | | 0 | 9 | 13 |
| Total IT Investments | | 312 | 283 | 321 |
| Department of the Interior | | | | |
| Major Projects | 39 | 335 | 360 | 369 |
| Significant, Non-Major Projects | 140 | 101 | 109 | 113 |
| Other Projects | | 99 | 91 | 92 |
| Total IT Investments | | 535 | 560 | 574 |
| Department of Justice | | | | |
| Major Projects | 57 | 1,133 | 1,225 | 1,442 |
| Significant, Non-Major Projects | 29 | 206 | 196 | 196 |
| Other Projects | | 134 | 126 | 130 |
| Total IT Investments | | 1,473 | 1,547 | 1,768 |
| Department of Labor | | | | |
| Major Projects | 8 | 51 | 83 | 130 |
| Significant, Non-Major Projects | 44 | 95 | 90 | 109 |
| Other Projects | | 74 | 80 | 98 |
| Total IT Investments | | 220 | 253 | 337 |
| Department of State | | | | |
| Major Projects | 9 | 546 | 513 | 551 |
| Significant, Non-Major Projects | 0 | 0 | 0 | 0 |
| Other Projects | | 0 | 0 | 0 |
| Total IT Investments | | 546 | 513 | 551 |
| Department of Transportation | | | | |
| Major Projects | 24 | 976 | 1,243 | 1,396 |
| Significant, Non-Major Projects | 97 | 1,021 | 879 | 1,138 |
| Other Projects | | 232 | 237 | 242 |
| Total IT Investments | | 2,229 | 2,359 | 2,776 |
| Department of the Treasury | | | | |
| Major Projects | 14 | 2,029 | 1,735 | 2,118 |
| Significant, Non-Major Projects | 22 | 142 | 153 | 153 |
| Other Projects | | 197 | 205 | 214 |
| Total IT Investments | | 2,368 | 2,093 | 2,485 |

Table 22-1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

| Agency | Count | FY 1999 | FY 2000 | FY 2001 |
|--|-------|---------|---------|---------|
| Department of Veterans Affairs | | | | |
| Major Projects | 27 | 766 | 844 | 1,369 |
| Significant, Non-Major Projects | 1 | 0 | 1 | 1 |
| Other Projects | | 125 | 183 | 91 |
| Total IT Investments | | 891 | 1,028 | 1,460 |
| Environmental Protection Agency | | | | |
| Major Projects | 49 | 149 | 165 | 212 |
| Significant, Non-Major Projects | 20 | 66 | 64 | 63 |
| Other Projects | | 188 | 190 | 197 |
| Total IT Investments | | 403 | 419 | 472 |
| Corps of Engineers | | | | |
| Major Projects | 4 | 28 | 39 | 59 |
| Significant, Non-Major Projects | 9 | 5 | 12 | 69 |
| Other Projects | | 151 | 142 | 69 |
| Total IT Investments | | 184 | 193 | 197 |
| Federal Emergency Management Agency | | | | |
| Major Projects | 11 | 64 | 61 | 61 |
| Significant, Non-Major Projects | 2 | 7 | 6 | 6 |
| Other Projects | | 53 | 55 | 54 |
| Total IT Investments | | 124 | 122 | 121 |
| General Services Administration | | | | |
| Major Projects | 46 | 243 | 298 | 269 |
| Significant, Non-Major Projects | 2 | 1 | 1 | 1 |
| Other Projects | | 47 | 58 | 54 |
| Total IT Investments | | 291 | 357 | 324 |
| National Aeronautics and Space Administration | | | | |
| Major Projects | 5 | 503 | 545 | 536 |
| Significant, Non-Major Projects | 77 | 1614 | 1661 | 1677 |
| Other Projects | | 0 | 0 | 0 |
| Total IT Investments | | 2,117 | 2,206 | 2,213 |
| National Science Foundation | | | | |
| Major Projects | 1 | 1 | 2 | 1 |
| Significant, Non-Major Projects | 1 | 0 | 0 | 1 |
| Other Projects | | 0 | 0 | 0 |
| Total IT Investments | | 1 | 2 | 2 |

Table 22-1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 1. Agency Summary

| Agency | Count | FY 1999 | FY 2000 | FY 2001 |
|--|-------|---------|---------|---------|
| Nuclear Regulatory Commission | | | | |
| Major Projects | 3 | 8 | 6 | 3 |
| Significant, Non-Major Projects | 27 | 34 | 26 | 26 |
| Other Projects ..... | ..... | 25 | 25 | 25 |
| Total IT Investments ..... | ..... | 67 | 57 | 54 |
| Office of Personnel Management | | | | |
| Major Projects | 4 | 12 | 12 | 16 |
| Significant, Non-Major Projects | 8 | 36 | 36 | 36 |
| Other Projects ..... | ..... | 9 | 8 | 8 |
| Total IT Investments ..... | ..... | 57 | 56 | 60 |
| Peace Corps | | | | |
| Major Projects | 2 | 1 | 7 | 4 |
| Significant, Non-Major Projects | 0 | 0 | 0 | 0 |
| Other Projects ..... | ..... | 0 | 0 | 0 |
| Total IT Investments ..... | ..... | 1 | 7 | 4 |
| Social Security Administration | | | | |
| Major Projects | 2 | 77 | 74 | 70 |
| Significant, Non-Major Projects | 35 | 347 | 289 | 314 |
| Other Projects ..... | ..... | 230 | 224 | 240 |
| Total IT Investments ..... | ..... | 654 | 587 | 624 |
| U.S. Agency for International Development | | | | |
| Major Projects | 3 | 24 | 16 | 17 |
| Significant, Non-Major Projects | 4 | 44 | 51 | 64 |
| Other Projects ..... | ..... | 0 | 0 | 0 |
| Total IT Investments ..... | ..... | 68 | 67 | 81 |

¹ IT investments which support achieving the agency's strategic goals and objectives that are not linked to any one particular "major" or "significant, non-major" project.

² Of the \$16.8 billion, approximately \$800 million also supports command, control, and communication investments.

Table 22-1. IT Performance Table
(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|--|
| Agriculture | | | | | |
| Service Center Modernization ³ | 35 | 88 | 230 | Farm Service Agency, Rural Development, and Natural Resources Conservation Agency. | Streamline and modernize the delivery of programs through the county-based delivery systems of the Farm Service Agency, the Natural Resources Conservation Service and the Rural Development mission areas. Departmental oversight and guidance includes reviews at major milestones and independent verification and validations. |
| <i>Development, Modernization & Enhancement ⁴</i> | <i>35</i> | <i>86</i> | <i>230</i> | | |
| <i>Steady State ⁵</i> | <i>0</i> | <i>2</i> | <i>0</i> | | |
| Field Automation and Information Management | 8 | 12 | 12 | Food Safety | The Field Automation and Information Management (FAIM) Initiative analyzes the inspection and business practices of the Agency, and systematically automates those processes to improve Agency productivity, inspection effectiveness, and service to industry. FAIM provides the infrastructure to implement new scientifically-based inspection programs such as HACCP, and to restructure the field organization. |
| <i>Development, Modernization & Enhancement</i> | <i>8</i> | <i>12</i> | <i>12</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Forest Service Infrastructure Modernization | 110 | 104 | 103 | Natural Resources and Environment | Implement easy to use service-wide technology that will facilitate the access, use, and sharing of information to help the FS better achieve its mission. Installation of the initial system is currently complete service-wide, and the FS has begun to engage in planned system updates, augmentations, and replacements to maintain the currency of the system and meet evolving business needs. |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| <i>Development, Modernization & Enhancement</i> | 66 | 59 | 58 | | |
| <i>Steady State</i> | 44 | 45 | 46 | | |
| Department of Commerce | | | | | |
| Commerce Administrative Management System (CAMS) | 54 | 54 | 54 | Develop and implement a DoC IT architecture which provides a common standard based infrastructure for financial management. | Sound Financial management. Clean Departmental Audit. |
| <i>Development, Modernization & Enhancement</i> | 25 | 24 | 24 | | |
| <i>Steady State</i> | 29 | 30 | 30 | | |
| Decennial Census Data Capture System | 86 | 69 | 34 | Develop an IT system which will capture decennial census data for the U.S. | An accurate census. |
| <i>Development, Modernization & Enhancement</i> | 86 | 69 | 2 | | |
| <i>Steady State</i> | 0 | 0 | 32 | | |
| Next Generation Weather Radar System | 12 | 15 | 20 | Provide short range weather forecasting | Improves lead time for short range weather forecasting (e.g., lead times for tornado warnings will increase from 42 to 48 minutes). |
| <i>Development, Modernization & Enhancement</i> | 12 | 15 | 20 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| GFDL High Performance Computing | 10 | 15 | 17 | Provides IT architecture for modeling and forecasting our Nation's weather and climate. | Improves long term weather and climate prediction for the Nation. |
| <i>Development, Modernization & Enhancement</i> | 8 | 12 | 13 | | |
| <i>Steady State</i> | 2 | 3 | 4 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|--|
| Defense | | | | | |
| Defense Integrated Military Human Resources System (DIMHRS) | 93 | 64 | 57 | Functional Area Application supporting Military Personnel and Readiness Strategic Plans | DIMHRS (1) supports all DoD components at all levels (field through corporate) in peacetime, mobilization, wartime, and beyond their military careers; (2) provides one time entry of data; (3) supports independent operations in the field; (4) interfaces with existing external systems; and (5) provides early, incremental capability. |
| <i>Development, Modernization & Enhancement</i> | <i>93</i> | <i>64</i> | <i>57</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Electronic Commerce/Electronic Data Interchange | 36 | 13 | 56 | Communications Infrastructure-Electronic Commerce/Electronic Data Interchange | Enhance the revolution in business affairs, reduce costs, streamline functions through use of secure electronic data interchange. |
| <i>Development, Modernization & Enhancement</i> | <i>15</i> | <i>8</i> | <i>26</i> | | |
| <i>Steady State</i> | <i>20</i> | <i>5</i> | <i>30</i> | | |
| Defense Megacenter Operations ⁶ | 729 | 625 | 592 | Computing Infrastructure—Central Processing Activities | Reduced cost of processing by modernizing/consolidating mainframe processing from 71 centers to five centers plus one Legacy site. Reduced overall operating cost of mainframe processing from FY 1990 through FY 2001. Cut support personnel by over 70%. All but 27 Military returned to Services. |
| <i>Development, Modernization & Enhancement</i> | <i>37</i> | <i>20</i> | <i>20</i> | | |
| <i>Steady State</i> | <i>692</i> | <i>605</i> | <i>572</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|--|
| Composite Health Care System II | 279 | 276 | 297 | Functional Area Applications in support of Health Activities | Provide every military service member with a comprehensive, life-long medical record of all illnesses and injuries, the care and inoculations they receive, and their exposure to different hazards. This record will help prevent illness and injuries, and identify and help cure those that occur. CHCS II is the core of the FHP Program mandated by Public Law 105-85. |
| <i>Development, Modernization & Enhancement</i> | 92 | 91 | 84 | | |
| <i>Steady State</i> | 187 | 186 | 213 | | |
| Global Combat Support System (GCSS) ⁷ | 255 | 297 | 316 | Communications and Computing Infrastructure and Logistics | Integration and interoperability initiative to enhance functional applications migration into the Defense Information Infrastructure. GCSS, in conjunction with component info architectures, provide the IT capabilities required to move and sustain joint forces in the DoD Joint Vision 2010. Each functional element provides a combination of functional applications, common HW/SW, shared infrastructure that provide information & communications needed by the Warfighter. |
| <i>Development, Modernization & Enhancement</i> | 134 | 172 | 187 | | |
| <i>Steady State</i> | 121 | 126 | 129 | | |
| Global Command and Control System (GCCS) | 410 | 354 | 358 | Functional Applications in support of Military Command and Control | GCCS provides seamless integration of Service capabilities necessary to conduct joint and multinational operations into the 21st century. A key C4I capability, GCCS supports Joint Vision 2010's objectives, supports the NCA and subordinate elements in synchronized operations |
| <i>Development, Modernization & Enhancement</i> | 192 | 139 | 149 | | |
| <i>Steady State</i> | 218 | 215 | 209 | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|--|---|
| Public Key Infrastructure | 64 | 64 | 177 | Communications and Computing Infrastructure—Information Assurance | Information Assurance Architecture Key. Provides the PKI infrastructure to protect the communications and computing infrastructure that enabled applications will exploit. |
| <i>Development, Modernization & Enhancement</i> | 64 | 64 | 177 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| Theater Deployable Communications | 58 | 81 | 103 | Information Superiority Command and Control Activity | National Security System—Battlefield command and control |
| <i>Development, Modernization & Enhancement</i> | 53 | 73 | 93 | | |
| <i>Steady State</i> | 5 | 8 | 11 | | |
| Advanced Field Artillery Tactical Data System | 110 | 107 | 124 | Information Superiority Command and Control Activity | National Security System—Battlefield command and control |
| <i>Development, Modernization & Enhancement</i> | 78 | 83 | 97 | | |
| <i>Steady State</i> | 32 | 24 | 27 | | |
| Department of Education | | | | | |
| Student Financial Assistance | 382 | 475 | 522 | Strategic Plan Objectives: Objective 3.3 B Postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive. Objective 4.6 B Management of Dept. of Education programs and services ensures financial integrity. | The need to streamline and integrate the Department's disparate student aid management systems was one of the primary factors that led Congress and the Administration to create the performance-based Office of Student Financial Assistance. These systems are responsible for the award of over \$50 billion in aid annually to nearly 9 million students and parents each year. Under the Department's Modernization Blueprint, these systems will deliver aid more efficiently, with greater accountability both to students and schools and internal and external financial management and oversight organizations. |
| <i>Development, Modernization & Enhancement</i> | 40 | 61 | 59 | | |

Table 22-1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|--|---|
| <i>Steady State</i> | 341 | 414 | 463 | | |
| Education Department Central Automated Processing System (EDCAPS) | 17 | 19 | 24 | Strategic Plan Objectives: Objective 4.4 B Information Technology investments are sound and used to improve impact and efficiency. Objective 4.6 B Management of Dept. of Education programs and services ensures financial integrity. | Both the EDCAPS system and its pending replacement project are intended to support the Department's core financial management, contracting and purchasing, grant management, and student loan payment functions. These functions include budget formulation, basic accounting, preparation of financial statements and other required financial reports, grant awards and payments, contracting, purchasing, and other administrative processes—all of which are considered core/priority mission functions for the Department. The benefits of funding ongoing EDCAPS maintenance activities is to continue to provide the Department with the best possible financial management operations in support of its student loan, grants, and contracting functions. Continued funding of steady state tasks also provides a means to maintain high-quality contractor support of system operations and software maintenance. The benefits of the pending replacement to EDCAPS include the improvement of the automated financial management system component of EDCAPS to meet baseline functionality, as well as to provide enhanced functionality and reporting capability. In this regard, the FMSS replacement project will provide the Department increased core financial management, contracting and purchasing, grant management, and student loan payment functions. |
| <i>Development, Modernization & Enhancement</i> | 0 | 5 | 5 | | |
| <i>Steady State</i> | 17 | 14 | 19 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|--|--|
| Department of Energy | | | | | |
| Organization Site Specific | 30 | 24 | 22 | DOE Strategic Goal to aggressively clean up the environmental legacy of nuclear weapons and civilian nuclear research and development programs. Reduce the most serious risks from the environmental legacy of the U.S. nuclear weapons complex first. | Site specific systems supporting environmental management activities across the complex: Richland, Savannah River, Chicago, and Oak Ridge Operations Offices |
| <i>Development, Modernization & Enhancement</i> | 7 | 5 | 5 | | |
| <i>Steady State</i> | 23 | 19 | 17 | | |
| National Defense Activities | 42 | 41 | 42 | DOE Strategic Goal to support national security, promote international nuclear safety. | Ensure the vitality of DOE's national security enterprise. Mission specific systems in support of National Defense. Pittsburgh & Schenectady Naval Reactors Organizations. |
| <i>Development, Modernization & Enhancement</i> | 22 | 21 | 22 | | |
| <i>Steady State</i> | 20 | 20 | 20 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|--|
| Business Management Information Systems—Financial Management | 3 | 6 | 9 | DOE Strategic Goal on Corporate Management, to use efficient and effective corporate management systems and approaches to guide decision making, streamline and improve operations, align resources and reduce costs, improve the delivery of products and services. Major change in DOE's financial management practices are also driven by external actions: CFO Act of 1990, GPRA (1993), FFIA of 1996, Clinger-Cohen Act of 1996, OMB Circular A-127, and Joint Financial Management Improvement Program | BMIS-FM will improve access to the Corporate Executive Information System (EIS) and the Financial Data Warehouse (FDW). Benefits include: 1) Financial and human resource information content in the Corporate EIS increased significantly. 2) User's group established to help prioritize future content areas 3) SIM process conducted on financial management functions 4) Purchase core financial system software to support two pilot sites implementation of the core financial system |
| <i>Development, Modernization & Enhancement</i> | 3 | 6 | 9 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| Department of Health and Human Services | | | | | |
| FDA Adverse Event Reporting Systems | 8 | 8 | 11 | Surveillance | Given the recent emergence of the magnitude of the public health problems related to medical errors, FDA recognizes the importance of good adverse events reporting systems. In this area, FDA in FY 2001 will build upon existing systems that monitor adverse events related to medical products, animal drugs, foods, and cosmetics. Specifically, the Agency will work on building linkages to internal and external databases that relate to adverse events reporting systems in place. |
| <i>Development, Modernization & Enhancement</i> | 3 | 3 | 6 | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|--|---|
| <i>Steady State</i> | 5 | 5 | 5 | | |
| HRSA—National Practitioner Data Bank | 16 | 16 | 17 | Assure Quality of Care | Collects and releases certain information related to the professional competence and professional conduct of physicians, dentists, and other health care practitioners. The database improves the health care practitioner credentialing process by making information available to eligible entities on; (1) medical malpractice payments made on behalf of physicians, dentists, and other licensed health care practitioners; and (2) adverse actions taken against physicians and dentists by State licensing authorities, hospitals and other health care entities, and professional societies. The NPDB also encourages greater efforts in professional peer review and restricts the ability of incompetent health care practitioners to move from State to State without discovery of previous substandard performance or unprofessional conduct. |
| <i>Development, Modernization & Enhancement</i> | 0 | 0 | 0 | | |
| <i>Steady State</i> | 16 | 16 | 17 | | |
| NIH—National Library of Medicine MEDLARS Database Updating and Information Retrieval | 29 | 35 | 36 | Acquire, organize, preserve and disseminate biomedical information for the benefit of the public health. | Provides free, on-line biomedical information (biographic references typically including abstracts from over 4300 biomedical journals) to health professionals and lay people throughout the nation facilitating improvements in patient care, education and health research |
| <i>Development, Modernization & Enhancement</i> | 19 | 23 | 23 | | |
| <i>Steady State</i> | 10 | 12 | 12 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|---|
| IHS—RPMS | 3 | 5 | 6 | Provide Clinical and Preventive Health Services and Perform Core Functions | RPMS is a comprehensive clinical and administrative information system that supports efficient and effective delivery of health care. RPMS enables effective program operation based on comprehensive, aggregated patient specific data. |
| <i>Development, Modernization & Enhancement</i> | <i>1</i> | <i>2</i> | <i>2</i> | | |
| <i>Steady State</i> | <i>2</i> | <i>3</i> | <i>4</i> | | |
| HCFA—Collection of Managed Care Encounter Data & Implement Risk Adjustors for Medicare + Choice | 1 | 13 | 13 | Foster excellence in the design and administration of HCFA's programs. (APP Goal FAC4-01: Develop New Medicare Payment Systems in Fee-for-Service and Medicare+ Choice) | The program benefit of this project is the implementation of a payment system that more accurately reimburses managed care organizations (MCOs) for their enrollees. MCOs will be paid less for healthy beneficiaries and more for sicker beneficiaries. Since MCOs generally enroll healthier beneficiaries than fee-for-service providers, program savings should accrue. This system should also encourage plans to enroll and treat sicker beneficiaries. |
| <i>Development, Modernization & Enhancement</i> | <i>1</i> | <i>13</i> | <i>0</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>13</i> | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| HCFA—Managed Care Systems Redesign | 0 | 18 | 18 | Foster excellence in the design and administration of HCFA’s programs and Promote beneficiary and public understanding of HCFA and its programs (APP Goal MB4–01: Improve Medicare’s administration of the beneficiary appeal process.) | This is to redesign the currently outdated legacy systems for beneficiary enrollment, beneficiary payment calculation, and MCO payment to ensure continued viability of the systems and responsiveness to new program demands. The appeal process is a critical safeguard available to Medicare beneficiaries enrolled in MCOs, allowing beneficiaries to challenge denials of service/care. Provides a system to collect plan-level appeal data for MCO oversight and quality of care monitoring by HCFA. |
| <i>Development, Modernization & Enhancement</i> | 0 | 18 | 18 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| CDC—Public Health Surveillance | 4 | 4 | 10 | This initiative supports the agency’s mission of promoting health and quality of life by preventing and controlling disease. | This initiative will reduce duplication of effort and costs for the agency and its partners; improve the quality, timeliness, sensitivity, specificity, and comparability of information destined to be used for formulation of public health policy and plans for action; provide easy and comprehensive access to public health data; and provide resources necessary to strengthen public health data and strengthen public health informatics training programs to ensure that well-trained personnel are available to develop, operate, and maintain modern electronic public health surveillance and health information networks. |
| <i>Development, Modernization & Enhancement</i> | 4 | 3 | 7 | | |
| <i>Steady State</i> | 0 | 1 | 3 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|---|
| PSC—Payment Management System | 4 | 3 | 3 | Grants payment and cash management support | Provides a centralized electronic payment and cash management service to all organizations receiving Federal grants and contracts |
| <i>Development, Modernization & Enhancement</i> | 2 | 1 | 0 | | |
| <i>Steady State</i> | 2 | 2 | 3 | | |
| Expanded Federal Parent Locator Service (FPLS), including the National Directory of New Hires (NDNH) and the Federal Case Registry ³ | 29 | 35 | 38 | A. Establish parentage for all children; B. Ensure that all children in IV-D cases have financial and medical support orders; and C. Obtain financial and medical support from both parents for all children in IV-D cases. | The expanded FPLS assists States in locating parents, establishing support orders and enabling child support collections. |
| <i>Development, Modernization & Enhancement</i> | 7 | 6 | 5 | | |
| <i>Steady State</i> | 23 | 29 | 33 | | |
| Department of Housing and Urban Development | | | | | |
| Tenant Assessment Sub-System | 4 | 3 | 2 | Strategic Goal 2: Ensure equal opportunity in housing for all Americans Strategic Goal 5: Restore public trust in HUD | Improving reporting of tenant income will: 1) Ensure appropriate levels of rental assistance 2) Speed up eligibility assessment 3) Ensure consistency and fairness of services |
| <i>Development, Modernization & Enhancement</i> | 3 | 2 | 1 | | |
| <i>Steady State</i> | 1 | 1 | 1 | | |
| Enterprise Data Warehouse | 5 | 5 | 7 | Strategic Goal 5: Restore public trust in HUD | EDW will allow consolidation of financial information, improving oversight and management of funds, and give better comparative data across HUD's functional areas |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| <i>Development, Modernization & Enhancement</i> | 5 | 4 | 6 | | |
| <i>Steady State</i> | 0 | 1 | 1 | | |
| Departmental Grants Management System | 5 | 5 | 7 | Strategic Goal 5: Restore public trust in HUD | DGMS will consolidate HUD's grant management systems, reducing paperwork and simplifying grantee submissions while providing more timely performance and oversight information. |
| <i>Development, Modernization & Enhancement</i> | 5 | 5 | 1 | | |
| <i>Steady State</i> | 0 | 0 | 6 | | |
| Department of the Interior | | | | | |
| Trust Fund Accounting System (TFAS) | 10 | 15 | 14 | Overall improvement of the Government's trust management responsibility for the Native American people. | Ensure more accurate trust funds distribution to Native Americans. Ensure more timely reporting to all account holders of collections, disbursements, investments and return on investments related to their trust accounts. |
| <i>Development, Modernization & Enhancement</i> | 10 | 15 | 14 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| Trust Asset Accounting and Management System (TAAMS) | 7 | 15 | 13 | Overall improvement of the Government's trust management responsibility for the Native American people. | Ensure more accurate trust funds distribution to Native Americans. Improved processing speed for chain of title search (from days to minutes). Improved management and timely processing of leases and contracts. Offers improved, and more timely information to land owners on status (lease, asset use, right-of-way, etc) of all properties regardless of their location. |
| <i>Development, Modernization & Enhancement</i> | 7 | 15 | 13 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|--|---|
| Royalty Management Program Re-engineering | 14 | 24 | 24 | Provide timely, accurate, and cost effective mineral royalty collection and disbursement services | When implemented in FY 2001, the re-engineered RMP is expected to yield the following benefits: <ol style="list-style-type: none"> 1. Increased annual audit collections of \$14.6 million. 2. Simplified reporting related cost reductions of \$1.5 million. 3. Reduced payer and operator allowance adjustments of \$1 million per year. 4. Improved program and system efficiencies resulting in \$2 million annual savings. |
| <i>Development, Modernization & Enhancement</i> | 5 | 15 | 15 | | |
| <i>Steady State</i> | 9 | 9 | 9 | | |
| Department of Justice | | | | | |
| Integrated Surveillance Intelligence System (ISIS) | 26 | 18 | 38 | Supports efforts to gain control and manage the Nation's border by detecting and assisting in the apprehension of illegal border crossers. | The use of this camera technology provides day and night observation of the border. ISIS permits the Border Patrol to count illegal crossers and determine the number of apprehensions and turn-backs at each site while increasing officer safety as agents respond to illegal incursions. In test locations in Arizona and New Mexico, ISIS is credited with a 75 percent apprehension rate (15 percent return to Mexico after seeing the ISIS tower or when confronted by Border Patrol agents sent in response to ISIS observation). Its effectiveness in observation and apprehension is proving to be a deterrent to illegal crossing in and around ISIS sites. |
| <i>Development, Modernization & Enhancement</i> | 23 | 13 | 27 | | |
| <i>Steady State</i> | 3 | 5 | 11 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|--|---|
| Firebird | 37 | 45 | 100 | To help accomplish DEA's mission to stem the flow of illegal drugs and control production and distribution of such substances, DEA employs a broad spectrum of traditional and innovative drug control approaches. | FIREBIRD supports the enforcement agent's ability to make cases by providing an automated infrastructure that facilitates the management of case material, provides immediate access to critical information, and encourages the exchange of that information among DEA personnel. As a result of this continued investment, time spent processing documents has decreased, support personnel provide more efficient support to investigative agencies, cases are better managed, fugitives are more quickly identified, and agents have significantly increased the amount of time spent on the street working cases. Intelligence information is more readily available. Document preparation and processing is faster and more efficient. The FIREBIRD infrastructure provides the backbone by which enhanced capabilities necessary to support the investigative process and the case management can be developed in the near future. |
| <i>Development, Modernization & Enhancement</i> | 18 | 20 | 67 | | |
| <i>Steady State</i> | 18 | 25 | 33 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|----------------|------------------|------------------|---|--|
| Integrated Automated Fingerprinting Identification System (IAFIS) | 66 | 45 | 44 | Provide law enforcement partners with timely, accurate, and relevant investigative information. | The IAFIS is the FBI's technologically advanced, automated fingerprint identification system. IAFIS provides enhanced system capabilities and reliability, a rapid response time, electronic submission and transfer of fingerprint and criminal history information, remote searches of FBI criminal and fingerprint database information, and enhanced latent fingerprint search capabilities. These valuable investigative tools support law enforcement in taking criminals off the street and preventing unqualified persons from securing employment in sensitive positions. |
| <i>Development, Modernization & Enhancement</i> | 56 | 0 | 0 | | |
| <i>Steady State</i> | 10 | 45 | 44 | | |
| National Criminal Information Center 2000 (NCIC) | 21 | 5 | 14 | Provide law enforcement partners with timely, accurate, and relevant investigative information | The NCIC 2000 system enables the law enforcement community to collect, store, and retrieve data related to wanted persons, deported felons, violent felony offenders, missing persons, unidentified persons, stolen vehicles, boats and parts, stolen articles, stolen guns, stolen securities, violent gang and terrorist organization groups. The system is accessed almost 2,000,000 times daily by law enforcement officials and responds within two seconds to such queries. |
| <i>Development, Modernization & Enhancement</i> | 19 | 0 | 0 | | |
| <i>Steady State</i> | 2 | 5 | 14 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|---|--|
| Department of Labor | | | | | |
| Employee Retirement Income Security Act Filing Acceptance System (EFAST) | 11 | 14 | 9 | A Secure Workforce | EFAST supports a "SECURE Workforce" through faster processing to facilitate compliance by pension plan sponsors, plan officials, and service providers; and through speeded-up assistance to workers in understanding their rights and protecting their benefits. EFAST provides for electronic filing, automated screening and archiving of employee benefits pension plan returns. EFAST's automated real-time accessible filings' database system simultaneously supports four participating agencies (PWBA, IRS, PBGC, and SSA) with quick responsiveness to public inquiries and compliance enforcement responsibilities. |
| <i>Development, Modernization & Enhancement</i> | <i>11</i> | <i>0</i> | <i>0</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>14</i> | <i>9</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|---|--|
| Office Automation Suite Implementation | 0 | 0 | 10 | A Prepared Workforce; A Secure Workforce; Quality Workplaces | The Department's IT Strategic Plan includes the establishment of an IT Architecture that allows for information to be shared internally and externally. During the development of the target enterprise architecture, it became apparent that the Department could immediately benefit by having one standard desktop environment to support office automation needs. Expected tangible benefits include reduced business and IT costs, improved employee productivity, the ability to achieve economies of scale through resource sharing, and improved service to the American public. This initiative enables the Department's employees to work collaboratively together in a "one Department" environment, sharing program information seamlessly across organizational boundaries. |
| <i>Development, Modernization & Enhancement</i> | <i>0</i> | <i>0</i> | <i>10</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|----------------|------------------|------------------|---|---|
| IT Architecture Implementation and Web Services | 17 | 43 | 67 | A Prepared Workforce; A Secure Workforce; Quality Workplaces | The Department's IT Strategic Plan includes the establishment of an IT Architecture that allows for information to be shared internally and externally. This initiative will ensure a secure, reliable, and flexible infrastructure and processing environment for the Department. This crosscutting initiative will benefit every agency through improved information sharing, interoperability, better leveraging of scarce resources, and the ability to meet new requirements such as web services, teleconferencing, electronic record keeping, distance learning, and security. Progress made on reaching the target architecture will also provide the infrastructure needed to further the use of common administrative systems and IT tools. When agencies IT systems operate more efficiently, the Department can better serve our constituents including the job seekers, wage earners, and retirees of the United States, as well as their employers. |
| <i>Development, Modernization & Enhancement</i> | 7 | 31 | 39 | | |
| <i>Steady State</i> | 11 | 12 | 28 | | |
| Department of State | | | | | |
| Passport Modernization | 17 | 16 | 16 | American Citizens Travel and Immigration | Combats risk of fraud and photo substitution by increasing passport security features including digitized photo and electronic imaging of passport applications. Goal to cover 75% of passport production by 4th quarter, FY 2000. Complete by 9/30/01. |
| <i>Development, Modernization & Enhancement</i> | 17 | 16 | 16 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|---|
| Department of Transportation | | | | | |
| Standard Terminal Automation Replacement System | 119 | 156 | 178 | Mobility | Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities. |
| <i>Development, Modernization & Enhancement</i> | <i>119</i> | <i>156</i> | <i>178</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Wide Area Augmentation System (WASS) | 88 | 84 | 107 | Safety/Mobility | Reduce the number of operational errors and deviations by 10 percent from 1994 baselines of 0.541 errors and 0.108 deviations per 100,000 activities. The 2000 targets are 0.486 errors and 0.097 deviations per 100,000 activities. Increase access to the nation's airports during adverse weather conditions by publishing 500 GPS/WAAS approaches per year for the next three years from aprior year (FY 1995–FY 1998) baseline of 1,453 GPS approaches to date. The FY 2000 target is to complete at least 2,453 approaches total. |
| <i>Development, Modernization & Enhancement</i> | <i>87</i> | <i>83</i> | <i>66</i> | | |
| <i>Steady State</i> | <i>1</i> | <i>1</i> | <i>41</i> | | |
| Oceanic Automation System | 17 | 63 | 89 | Mobility | Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities. |
| <i>Development, Modernization & Enhancement</i> | <i>10</i> | <i>27</i> | <i>52</i> | | |
| <i>Steady State</i> | <i>7</i> | <i>36</i> | <i>37</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|--|
| Free Flight Phase 1 | 92 | 180 | 172 | Mobility | Reduce the rate of air travel delays by 5.5 percent from a 1992–1996 baseline of 181 delays per 100,000 activities. The FY 2000 target is 171 per 100,000 activities. |
| <i>Development, Modernization & Enhancement</i> | 92 | 180 | 172 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| Department of the Treasury | | | | | |
| IRS Modernization⁹ | 211 | 0 | 119 | Revenue Collection and Improved Customer Service | Modernize outdated data systems |
| <i>Development, Modernization & Enhancement</i> | 211 | 0 | 119 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| Integrated Treasury Network (wireless) | 0 | 3 | 55 | Enforcement mission | The Department's consolidated wireless network will enable Treasury to convert their current communications network to meet National Telecommunications and Information Administration (NTIA) narrowband requirements. Consolidating budgets and plans will also leverage future investments through economies of scale. The consolidated network will provide standard communication capability and interoperability within and external to Treasury. |
| <i>Development, Modernization & Enhancement</i> | 0 | 3 | 55 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |
| ACS/ACE/ITDS | 16 | 72 | 338 | Enforcement Mission | Modernizing trade data processing reduces time and cost for both government and trade community |
| <i>Development, Modernization & Enhancement</i> | 13 | 5 | 266 | | |
| <i>Steady State</i> | 3 | 67 | 72 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|-------------|---------------|---------------|---|--|
| DO HR Connect | 10 | 26 | 30 | Management Mission | Centralize HR to reduce expenses and increase efficiency. |
| <i>Development, Modernization & Enhancement</i> | 10 | 13 | 17 | | |
| <i>Steady State</i> | 0 | 13 | 14 | | |
| Department of Veterans Affairs | | | | | |
| Veterans Benefits Administration (VBA) Telephone Strategy | 2 | 0 | 12 | Benefits | Veterans make approximately 20 million calls to VBA's toll free number annually. The goal of this project is to improve telephone access to benefits information and improve customer service by working to achieve "world class" industry standards. Performance goals include less than 60 seconds average answer, less than 2% abandoned call rate, and less than 1% blocked call rate (busy signal). |
| <i>Development, Modernization & Enhancement</i> | 2 | 0 | 9 | | |
| <i>Steady State</i> | 0 | 0 | 3 | | |
| National Cemetery Administration BOSS | 0 | 0 | 1 | Burial | Automates all manual, paper-intensive record keeping, and information and forms processing associated with interments. Provides nationwide burial location capability, linkage to Gravesite Reservation files, and a benefit cross-check to facilitate a timely First Notice of Death to VBA and its benefit delivery systems. Supports the electronic transfer of information for VA's corporate master veteran record identification initiative. |
| <i>Development, Modernization & Enhancement</i> | 0 | 0 | 0 | | |
| <i>Steady State</i> | 0 | 0 | 0 | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|--|
| Veterans Health Administration (VHA) Government-wide Computerized Patient Record (G-CPR) | 12 | 15 | 19 | Medical | To develop and implement the standards and architecture required to achieve easily accessible, but secure, life-long medical records for each veteran, military personnel and their dependents. VHA is working with other federal agencies (e.g., DoD, HHS), as well as private industry to develop the electronic standards for such patient records. |
| <i>Development, Modernization & Enhancement</i> | <i>12</i> | <i>15</i> | <i>19</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Environmental Protection Agency | | | | | |
| Toxic Chemical Release Inventory System | 8 | 8 | 9 | Expansion of Americans' Right to Know About Their Environment | Provides fundamental information to all Americans about toxic chemical uses in their communities. Publication of data provides bench marks for facility comparisons and provides catalyst to industry to develop and adopt pollution-reducing best practices. Information is available to all constituencies on the Internet for instant searches as well as in print. |
| <i>Development, Modernization & Enhancement</i> | <i>0</i> | <i>0</i> | <i>1</i> | | |
| <i>Steady State</i> | <i>8</i> | <i>8</i> | <i>8</i> | | |
| Envirofacts Warehouse | 7 | 5 | 4 | Expansion of Americans' Right to Know About Their Environment | Takes the tens of millions of dollars of collected regulatory data and makes it accessible to environmental professionals, the regulated community, citizen groups, and to State and EPA employees, in an easy to use, one-stop access point. Public groups are more informed for public hearings and the regulated community can ensure that the data they submitted through the regulatory process is complete and accurate. |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|--|--|
| <i>Development, Modernization & Enhancement</i> | 4 | 2 | 2 | | |
| <i>Steady State</i> | 3 | 3 | 2 | | |
| Comprehensive Environmental Response Compensation Liability Information System | 8 | 3 | 3 | Better Waste Management, Restoration of Contaminated Waste Sites, And Emergency Response | Improves the effectiveness and efficiency of EPA's Superfund program. Supports EPA's efforts in cleaning up previously polluted sites, restoring them to uses appropriate for surrounding communities, and responding to and preventing waste-related or industrial accidents. |
| <i>Development, Modernization & Enhancement</i> | 4 | 0 | 0 | | |
| <i>Steady State</i> | 4 | 3 | 3 | | |

Table 22–1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| Federal Emergency Management Agency | | | | | |
| Map Service Center (MSC) | 6 | 6 | 5 | National Flood Insurance Act of 1968; Map Service Center stores and distributes over 154450 map panels and flood data products FEMA Strategic Goal 1: Protect lives and prevent the loss of property from all hazards GPRA goal M.3.2: Standards and Procedures: Implement standards and procedures, including the modernization of the flood plain-mapping program, to increase the effectiveness of mitigation information tools provided to communities to become more disaster resistant. Applicable Means & Strategies: #3 Begin the digital conversion of the flood map inventory and updates of flood data; and #5 Use technology upgrade to improve the production, utility, and accuracy of floodplain mapping Applicable Means & Strategies: #4 Enter the cooperative technical community (CTC) agreements for flood map preparation and maintenance, flood data sharing, development and review, and risk assessment. | Used by: 1) FEMA during disasters 2) Federal Insurance Administration 3) Citizens/insurance agents to locate flood insurance risk zones 4) Flood determination companies as to whether a property resides in a flood zone 5) Federal, State and local communities to administer floodplain management regulations and mitigate flood damage 6) Other Federal agencies to determine whether properties and buildings require flood insurance Streamlined new product creation resulting in improved customer service and reduced life-cycle product development costs. Foundation for the total integration of MSC's e-commerce: 1) Implement digital products and digital distribution. 2) Infrastructure for delivery and accountability of National Flood Insurance Program products. 3) Coordinate new map product development for internet delivery. 4) Better customer service. 5) Improved MSC distribution turnaround. 6) Lower distribution costs Improved accountability. |
| <i>Development, Modernization & Enhancement</i> | 4 | 4 | 3 | | |
| <i>Steady State</i> | 2 | 2 | 2 | | |

Table 22-1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| National Emergency Management Information System (NEMIS) | 12 | 8 | 10 | FEMA Strategic Goal 2: Reduce human suffering and enhance the recovery of communities after disaster strikes GPRA goal RR.4.1:NEMIS Development Also referenced in GPRA goals: M.3.4: Repetitive-Loss Strategy RR.1.1: Response Services E.2.1: Financial Management | Speeds delivery of disaster assistance grants through direct interface with FEMA's financial system. Improves the quality and consistency of grant payments by automating program business rules. Improves internal management controls. Utilizes extensive access and security controls. Uses optical imagery to transfer documents to caseworkers anywhere in the enterprise.Can be configured for disaster-specific needs. Improves electronic data exchange with SBA and States. Permits direct access by States to key NEMIS functions. Is scalable to major and catastrophic disasters. Provides cross-disaster information and analysis to improve mitigation and to lessen recurrence of losses. Establishes an enterprise infrastructure to support FEMA's IT architecture, on which other enterprise applications can be built.Provides program information consistently and agencywide. |
| <i>Development, Modernization & Enhancement</i> | 5 | 3 | 5 | | |
| <i>Steady State</i> | 7 | 5 | 5 | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|---|---|
| General Services Administration | | | | | |
| Pegasys (CFO Financial Management System) | 16 | 27 | 16 | Promote Responsible Asset Management | Pegasys will replace the old GSA financial management system with a modern, agencywide, integrated system. Pegasys will provide managers with a better mechanism for more business analysis and less reconciliation, and will facilitate producing agencywide reports and information for agency employees, managers and executives, external agencies, and the Congress. Information will be readily available to be merged across projects, GSA Services, and funds. |
| <i>Development, Modernization & Enhancement</i> | <i>16</i> | <i>24</i> | <i>11</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>3</i> | <i>5</i> | | |
| Seat Management | 14 | 35 | 35 | Promote Responsible Asset Management | Seat Management will provide desktop computing as an integrated "information utility." Seat management contracts will accommodate the full spectrum of desktop computing resources from general purpose to high performance, scientific and engineering environments. They will provide end-to-end IT engineering and management services, and enable the government to acquire desktop computing services as a utility and pay for it based on the number of workstations. GSA will achieve economies of scale through the consolidated, unified and integrated Seat Management approach to providing desktop assets and services. |
| <i>Development, Modernization & Enhancement</i> | <i>14</i> | <i>35</i> | <i>35</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|--|----------------|------------------|------------------|---|--|
| National Aeronautics and Space Administration | | | | | |
| Earth Observing System Data Information System (EOSDIS) | 262 | 263 | 252 | Earth Science Enterprise Objective: Implement open, distributed, and responsive data system architectures. | EOSDIS is a comprehensive data and information system designed to support NASA's Earth Observing System (EOS). The EOSDIS will archive, manage, and distribute Earth science data from NASA missions and will provide spacecraft control and science data processing for the EOS missions. For EOS spacecraft and instruments, the EOSDIS will perform acquisition, capture and processing of telemetry data, processing of telemetry data into higher level science data products, archiving and distribution of standard science products, and mission operations for instrument and spacecraft control. |
| <i>Development, Modernization & Enhancement</i> | <i>179</i> | <i>177</i> | <i>160</i> | | |
| <i>Steady State</i> | <i>83</i> | <i>86</i> | <i>92</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|--|--|
| NASA Integrated Services Network (NISN) | 89 | 84 | 81 | Manage Strategically Objective: Improve information technology capability and services. | The NISN was chartered in 1996 with management responsibility for operations and maintenance of all NASA's wide area telecommunications networking requirements, except for research activities as performed by the NASA Research and Education Network (NREN) project. The NISN provides voice, video, and data services to meet programmatic, mission, scientific, and institutional requirements. Customer locations include NASA centers, international locations, and affiliated contractors and universities. The NISN services include all Agency coordination of the General Services Administration's FTS2000 and FTS2001 program. NISN services include long distance telephone, facsimile, voice and video teleconferencing, data and video distribution, and Internet-working. |
| <i>Development, Modernization & Enhancement</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| <i>Steady State</i> | <i>89</i> | <i>84</i> | <i>81</i> | | |

Table 22–1. IT Performance Table—Continued
(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|--|---|
| NASA ADP Consolidation Center (NACC) | 19 | 20 | 20 | Manage Strategically Objective: Improve information technology capability and services. | NACC was established in 1994 to centrally integrate, implement, and operate Agencywide computing resources for NASA Centers and Headquarters (HQ) at Marshall Space Flight Center (MSFC). The NACC supports each NASA Center's administrative processing requirements as well the Agency's consolidated payroll and consolidated support for legacy administrative software systems. Also, the NACC maintains and operates computer systems which support manufacture of the Shuttle External Tank (ET) at Michoud Assembly Facility, Space Transportation System (STS) databases, the JSC Integrated Management Information Computer (IMIC), and the JSC International Space Station |
| <i>Development, Modernization & Enhancement</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| <i>Steady State</i> | <i>19</i> | <i>20</i> | <i>20</i> | | |
| Desktop LAN & Voice Communications Services (ODIN) | 60 | 91 | 117 | Manage Strategically Objective: Improve information technology capability and services. | ODIN is a long-term outsourcing arrangement with the commercial sector which transfers to it the responsibility and risk for providing and managing the vast majority of NASA's desktop, server, and intra-center communications assets and services. Under the contract, NASA will define the computer and communications capabilities for each job within the Agency and purchase a particular bundle of hardware, software and communications equipment for each "seat." The price for each type of "seat" will be fixed. |
| <i>Development, Modernization & Enhancement</i> | <i>12</i> | <i>11</i> | <i>11</i> | | |
| <i>Steady State</i> | <i>48</i> | <i>80</i> | <i>106</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| Small Business Administration | | | | | |
| Lender Monitoring System | 8 | 8 | 8 | Business and Loan Programs | Enables SBA to provide effective oversight of its lenders and continue the development of its cost accounting |
| <i>Development, Modernization & Enhancement</i> | <i>8</i> | <i>8</i> | <i>8</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Paperless Disaster Loan Application | 0 | 0 | 5 | Disaster Loan Programs | Decreases processing time, decreases errors, and improves SBA's ability to quickly respond to the needs of disaster victims. |
| <i>Development, Modernization & Enhancement</i> | <i>0</i> | <i>0</i> | <i>5</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Social Security Administration | | | | | |
| Electronic Wage Reporting System (EWRS) | 6 | 6 | 6 | Best-in-Business Management | This initiative promotes SSA's commitment to providing electronic filing services to submitters of Forms W-2/W-3 Annual Wage Reports. It includes re-engineering the current processes used to handle magnetic media submittals. The EWRS will have the capacity to support 5,000 tax year 2000 electronic submittals involving 40 million Forms W-2, and will be expanded to support increased electronic filing for subsequent tax years. |
| <i>Development, Modernization & Enhancement</i> | <i>6</i> | <i>6</i> | <i>6</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Title II Redesign | 18 | 17 | 18 | To Deliver Customer-Responsive, World-Class Service | Title II Redesign will provide a single system for processing virtually all initial claims and client-initiated post-entitlement actions in an online interactive mode. |
| <i>Development, Modernization & Enhancement</i> | <i>18</i> | <i>17</i> | <i>18</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|-------------|---------------|---------------|---|---|
| Paperless Processing Centers | 5 | 13 | 8 | Best-In-Business Management | The major objective of the Paperless Processing Centers Initiative is to implement document and imaging technologies to improve SSA's paper-intensive folder processing in the Program Service Centers and the Office of Central Operations. |
| <i>Development, Modernization & Enhancement</i> | <i>5</i> | <i>13</i> | <i>8</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |
| Electronic Folder Implementation | 7 | 10 | 14 | Best-in-Business Management | This technology investment will store data in an electronic folder. It will automate the disability interview process in field offices, eliminate reliance on paper, and support improvements in the disability process by reducing the amount of time that applicants' folders spend in transit between field and disability offices, as well as reducing the time it takes SSA staff to locate information regarding claimant applications. |
| <i>Development, Modernization & Enhancement</i> | <i>7</i> | <i>10</i> | <i>14</i> | | |
| <i>Steady State</i> | <i>0</i> | <i>0</i> | <i>0</i> | | |

Table 22-1. IT Performance Table—Continued

(Budget Authority and Other Financing, in Millions of Dollars)

Part 2. Selected Major Information Technology Investments

| Agency: Program or Project ¹ | 1999 Actual | 2000 Estimate | 2001 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment ² | Program Performance Benefits |
|---|----------------|------------------|------------------|---|---|
| US Agency for International Development | | | | | |
| Financial Management Systems | 20 | 22 | 19 | USAID Strategic Goal: Improve program effectiveness. | Provide program managers with access to timely and accurate financial information for decision-making on USAID's sustainable development programs worldwide. Strengthen USAID's relationship with its customers and partners in the delivery of development assistance through enhanced analysis and planning of financial requirements, tracking of full cost of programs and timely delivery of financial resources. Strengthen management controls and accountability for financial resources throughout the Agency. |
| <i>Development, Modernization & Enhancement</i> | 4 | 12 | 13 | | |
| <i>Steady State</i> | 16 | 10 | 6 | | |

¹ This table contains a selected subset of each agency's major IT investments.² Mission areas should be consistent with the major functions and operations identified in the agency's strategy and annual performance plans.³ This project includes both spending and budget authority funds.⁴ Development, Modernization, and Enhancement Costs include program costs for new systems, changes or modifications to existing systems that improve capability or performance, changes mandated by the Congress or agency leadership, personnel costs for project management, and direct support.⁵ Steady State Costs include the costs of maintenance and operations at current capability and performance levels including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment.⁶ Total of Defense Megacenters are a Working Capital Fund Activity. Each Service and Component using this activity pay based on a rate calculated based on usage and special costs.⁷ Total of Navy's Tactical Command Support System, Army's Combat Support System, Air Force's Combat Support System, and Defense-Other's Combat Support System⁸ BA: FY 1999, 2000, 2001 = 26.4, 25.8, 24.7, User Fees: FY 1999, 2000, 2001 = 2.9, 8.9, 12.9. These levels do not reflect legislative proposals.⁹ This investment reflects only budget authority.

FEDERAL DRUG CONTROL FUNDING

23. FEDERAL DRUG CONTROL FUNDING

Table 23-1. FEDERAL DRUG CONTROL FUNDING

(Budget authority, in millions of dollars)

| | 1999 actual | 2000 estimate | 2001 proposal | Change 2000-2001 | |
|--|----------------|------------------|------------------|------------------|------------|
| | | | | Dollars | Percent |
| Agriculture: | | | | | |
| Agriculture Research Service | 5 | 5 | 5 | ..... | ..... |
| U.S. Forest Service | 6 | 7 | 7 | ..... | ..... |
| Women, Infants, Children (WIC) | 16 | 16 | 17 | * | 2% |
| Total, Agriculture | 27 | 28 | 28 | * | 1% |
| Corporation for National and Community Service | 7 | 7 | 8 | 1 | 8% |
| Defense | 975 | 1,005 | 1,029 | 24 | 2% |
| District of Columbia/Court Svs. & Offender Supervision | 4 | 20 | 16 | -5 | -22% |
| Intelligence Community Management Account | 27 | 27 | 27 | ..... | ..... |
| Education: | | | | | |
| Safe and Drug Free Schools and Communities | 567 | 600 | 650 | 50 | 8% |
| Other | 96 | 98 | 101 | 3 | 3% |
| Total, Education | 663 | 698 | 751 | 53 | 8% |
| Health and Human Services: | | | | | |
| Administration for Children and Families | 57 | 64 | 64 | ..... | ..... |
| Centers for Disease Control | 143 | 174 | 187 | 12 | 7% |
| Food and Drug Administration | 34 | 34 | 39 | 5 | 15% |
| Health Care Financing Administration—Medicare/Medicaid mandatory benefits spending | 400 | 450 | 500 | 50 | 11% |
| Health Resources and Services Administration | 53 | 59 | 64 | 5 | 9% |
| Indian Health Service | 44 | 45 | 48 | 2 | 5% |
| National Institutes of Health (National Institute on Drug Abuse (NIDA)/National Institute on Alcohol Abuse and Alcoholism (NIAAA)/Office of AIDS Research (OAR)) | 654 | 730 | 767 | 37 | 5% |
| Substance Abuse and Mental Health Services Administration | 1,482 | 1,523 | 1,596 | 74 | 5% |
| Total, Health and Human Services | 2,866 | 3,079 | 3,265 | 186 | 6% |
| Housing and Urban Development | 310 | 310 | 315 | 5 | 2% |
| Interior: | | | | | |
| Bureau of Indian Affairs | 18 | 20 | 22 | 2 | 10% |
| Bureau of Land Management | 5 | 5 | 5 | ..... | ..... |
| Fish and Wildlife Service | 1 | 1 | 1 | ..... | ..... |
| National Park Service | 9 | 9 | 10 | * | 1% |
| Total, Interior | 33 | 36 | 38 | 2 | 6% |
| Judiciary | 720 | 782 | 805 | 23 | 3% |
| Justice: | | | | | |
| Assets Forfeiture Fund | 583 | 507 | 486 | -21 | -4% |
| U.S. Attorneys | 194 | 208 | 218 | 10 | 5% |
| Bureau of Prisons | 2,072 | 2,119 | 2,520 | 401 | 19% |
| Community Oriented Policing Services (COPS) | 417 | 196 | 441 | 244 | 124% |
| Criminal Division | 31 | 31 | 35 | 3 | 10% |
| Drug Enforcement Administration | 1,304 | 1,341 | 1,457 | 115 | 9% |
| Federal Bureau of Investigation | 589 | 659 | 780 | 121 | 18% |
| Federal Prisoner Detention (Support of U.S. Prisoners) | 280 | 319 | 363 | 44 | 14% |
| Immigration and Naturalization Service | 429 | 485 | 545 | 60 | 12% |
| Interagency Crime and Drug Enforcement (ICDE) (formerly Organized Crime Drug Enforcement (OCDE) Task Forces) | 304 | 317 | 329 | 12 | 4% |
| INTERPOL | * | * | * | * | 6% |
| U.S. Marshals Service | 265 | 284 | 307 | 23 | 8% |
| Office of Justice Programs | 931 | 976 | 755 | -221 | -23% |
| Tax Division | * | * | * | * | 6% |
| Total, Justice | 7,398 | 7,443 | 8,237 | 794 | 11% |
| Labor | 55 | 75 | 76 | 1 | 1% |

Table 23-1. FEDERAL DRUG CONTROL FUNDING—Continued

(Budget authority, in millions of dollars)

| | 1999 actual | 2000 estimate | 2001 proposal | Change 2000-2001 | |
|---|----------------|------------------|------------------|------------------|-----------|
| | | | | Dollars | Percent |
| Office of National Drug Control Policy: | | | | | |
| Salaries and Expenses, Operations, Research | 21 | 23 | 25 | 3 | 11% |
| Counterdrug Technology Assessment Center | 29 | 32 | 20 | -12 | -36% |
| High Intensity Drug Trafficking Areas | 186 | 191 | 192 | 1 | 0% |
| Special Forfeiture Fund | 217 | 215 | 259 | 44 | 20% |
| Total, Office of National Drug Control Policy | 453 | 461 | 497 | 35 | 8% |
| Small Business Administration | 4 | 3 | ..... | -3 | -100% |
| State: | | | | | |
| International Narcotics Control Program | 489 | 274 | 267 | -7 | -2% |
| Emergencies in the Diplomatic and Consular Service | 1 | 1 | 1 | ..... | ..... |
| Public Information and Education | 9 | 8 | 9 | 1 | 10% |
| Total, State | 499 | 283 | 277 | -6 | -2% |
| Transportation: | | | | | |
| U.S. Coast Guard | 815 | 574 | 617 | 44 | 8% |
| Federal Aviation Administration | 24 | 26 | 31 | 4 | 17% |
| National Highway Traffic Safety Administration | 32 | 31 | 37 | 6 | 18% |
| Total, Transportation | 871 | 631 | 685 | 54 | 9% |
| Treasury: | | | | | |
| Bureau of Alcohol, Tobacco and Firearms | 232 | 252 | 325 | 73 | 29% |
| U.S. Customs Service | 956 | 660 | 840 | 180 | 27% |
| Federal Law Enforcement Training Center | 79 | 69 | 66 | -2 | -4% |
| Financial Crimes Enforcement Network | 7 | 9 | 10 | 2 | 17% |
| Interagency Crime and Drug Enforcement | 76 | 75 | 103 | 28 | 37% |
| Internal Revenue Service | 72 | 85 | 62 | -24 | -28% |
| U.S. Secret Service | 87 | 78 | 111 | 33 | 43% |
| Treasury Forfeiture Fund | 247 | 271 | 170 | -101 | -37% |
| Total, Treasury | 1,757 | 1,500 | 1,688 | 189 | 13% |
| Veterans Affairs | 1,042 | 1,111 | 1,156 | 44 | 4% |
| Subtotal, Drug Control Programs, Excluding "Plan Colombia" Funding | 17,711 | 17,501 | 18,896 | 1,396 | 8% |
| Support for "Plan Colombia": | | | | | |
| Department of Defense ..... | ..... | 137 | 62 | | |
| Department of Justice ..... | ..... | 21 | 29 | | |
| Justice/Drug Enforcement Administration ..... | ..... | 3 | 4 | | |
| Department of State ..... | ..... | 596 | 133 | | |
| Agency for International Development ..... | ..... | 128 | 91 | | |
| Department of Treasury ..... | ..... | 2 | ..... |  |  |
| Treasury/U.S. Customs Service ..... | ..... | 68 | ..... |  |  |
| Office of National Drug Control Policy ..... | ..... | 1 | ..... |  |  |
| Total, Support for "Plan Colombia" ..... | ..... | 1,954 | 318 | | |
| Total, Drug Control Programs, Including "Plan Colombia" Funding | 17,711 | 18,455 | 19,215 | 760 | 4% |

* Less than \$500 thousand

¹ Requested supplemental appropriation

**BUDGET SYSTEM AND CONCEPTS
AND GLOSSARY**

24. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means for the President and Congress to decide how much money to spend, what to spend it on, and how to raise the money they have decided to spend. Through the budget system, they determine the allocation of resources among the Government's major functions—such as providing for the national defense, regulating commerce, and ensuring the availability of health care—and among individual programs, projects, and activities—such as building navy ships, issuing patents, and controlling diseases. The budget system focuses primarily on dollars, but it also allocates other resources, such as Federal employment. The decisions made in the budget process affect the nation as a whole, state and local governments, and individual Americans. Many budget decisions have worldwide significance.

The Congress and the President enact budget decisions into law. The budget system ensures these laws are carried out.

This chapter provides an overview of the budget system and explains some of the more important budget concepts. It includes summary dollar amounts to illustrate major concepts. Other chapters of the budget documents discuss these amounts, and more detailed amounts, in greater depth. A glossary of budget terms appears at the end of the chapter.

Various laws, enacted to carry out requirements of the Constitution, govern the budget system. The chapter refers to the principal ones by title throughout the text and gives complete citations in the section just preceding the glossary.

THE BUDGET PROCESS

The budget process has three main phases, each of which is interrelated with the others:

- (1) formulation of the President's budget;
- (2) congressional action on the budget; and
- (3) budget execution.

Formulation of the President's Budget

The Budget of the United States Government consists of several volumes that set forth the President's financial proposal with recommended priorities for the allocation of resources by the Government. The primary focus of the budget is on the budget year—the next fiscal year for which Congress needs to make appropriations, in this case 2001. However, the budget may propose changes to funding levels already provided for the current year, in this case 2000, and it covers at least the four years following the budget year in order to reflect the effect of budget decisions over the longer term. The budget includes data on the most recently completed fiscal year, in this case 1999, so that the reader can compare budget estimates to actual accounting data.

The President begins the process of formulating the budget by establishing general budget and fiscal policy guidelines. This occurs not later than the spring of each year, at least nine months before the President transmits the budget to Congress and at least 18 months before the fiscal year begins. (See the Budget Calendar below.) Based on these guidelines, the Office of Management and Budget (OMB) works with the Federal agencies to establish specific policy directions and planning levels for the agencies, both for the budget year and for at least the following four years to guide the preparation of their budget requests.

During the formulation of the budget, the President, the Director of OMB, and other officials in the Executive Office of the President continually exchange information, proposals, and evaluations bearing on policy decisions with the Secretaries of the departments and the heads of the other Government agencies. Decisions reflected in previously enacted budgets, including the one for the fiscal year in progress, and reactions to the last proposed budget (which Congress is considering when the process of preparing the upcoming budget begins) influence decisions concerning the upcoming budget. So do projections of the economic outlook, prepared jointly by the Council of Economic Advisers, OMB, and the Treasury Department.

In early fall, agencies submit their budget requests to OMB, where analysts review them and identify issues that OMB officials need to discuss with the agencies. OMB and the agencies resolve many issues themselves. Others require the involvement of the President and White House policy officials. This decision-making process is usually completed by late December. At that time, the final stage of developing detailed budget data and the preparation of the budget documents begins.

The decision-makers must consider the effects of economic and technical assumptions on the budget estimates. Interest rates, economic growth, the rate of inflation, the unemployment rate, and the number of people eligible for various benefit programs, among other things, affect Government spending and receipts. Small changes in these assumptions can affect budget estimates by billions of dollars. (Chapter 1, "Economic Assumptions," in the *Analytical Perspectives* volume of the 2001 budget provides more information on this subject.)

Statutory limitations on changes in receipts and outlays through 2002 also influence budget decisions (see Budget Enforcement below).

Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the allocation of resources among the functions of the Government, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and statutory constraints.

The law governing the President's budget specifies that the President is to transmit the budget to Congress on or after the first Monday in January but not later than the first Monday in February of each year for the following fiscal year, which begins on October 1. This gives Congress eight to nine months before the fiscal year begins to act on the budget.

For various reasons, some parts or all of the budget documents have been transmitted after the specified date. One reason is that the current law does not require an outgoing President to transmit a budget, and it is impractical for an incoming President to complete a budget within a few days of taking office on January 20th. President Clinton, the first President subject to the current requirement, submitted a report to Congress on February 17, 1993, describing the comprehensive economic plan he proposed for the Nation and containing summary budget information. He transmitted the Budget of the United States for 1994 on April 8, 1993.

In some years, the late or pending enactment of appropriations acts, other spending legislation, and tax laws considered in the previous budget cycle have delayed preparation and transmittal of complete budgets. For this reason, for example, President Reagan submitted his budget for 1988 forty-five days after the date specified in law. In other years, Presidents have submitted abbreviated budget documents on the due date, sending the more detailed documents weeks later. For example, President Clinton transmitted an abbreviated budget document to Congress on February 5, 1996, because of uncertainty over 1996 appropriations as well as possible changes in mandatory programs and tax policy. He transmitted a Budget Supplement and other budget volumes in March 1996.

Congressional Action¹

Congress considers the President's budget proposals and approves, modifies, or disapproves them. It can change funding levels, eliminate programs, or add programs not requested by the President. It can add or eliminate taxes and other sources of receipts, or make other changes that affect the amount of receipts collected.

Congress does not enact a budget as such. Through the process of adopting a budget resolution (described below), it agrees on levels for total spending and re-

ceipts, the size of the deficit or surplus, and the debt limit. The budget resolution then provides the framework within which congressional committees prepare appropriations bills and other spending and receipts legislation. Congress provides spending authority for specified purposes in several regular appropriations acts each year (traditionally thirteen). It also enacts changes each year in other laws that affect spending and receipts. Both appropriations acts and these other laws are discussed in the following paragraphs.

In making appropriations, Congress does not vote on the level of outlays (spending) directly, but rather on budget authority, which is the authority provided by law to incur financial obligations that will result in outlays. In a separate process, prior to making appropriations, Congress usually enacts legislation that authorizes an agency to carry out particular programs and, in some cases, limits the amount that can be appropriated for the programs. Some authorizing legislation expires after one year, some expires after a specified number of years, and some does not expire. Congress may enact appropriations for a program even though there is no specific authorization for it.

Congress begins its budget process shortly after it receives the President's budget. Under the procedures established by the Congressional Budget Act of 1974, Congress decides on budget totals before completing action on individual appropriations. The Act requires each standing committee of the House and Senate to recommend budget levels and report legislative plans concerning matters within the committee's jurisdiction to the Budget Committee in each body. The Budget Committees then initiate the concurrent resolution on the budget. The budget resolution sets levels for total receipts and for budget authority and outlays, both in total and by functional category (see Functional Classification below). It also sets levels for the budget deficit or surplus and debt. The statutory limitations on changes in receipts and outlays through 2002 that apply to the President's budget also apply to the budget resolution.

In the report on the budget resolution, the Budget Committees allocate the amounts of budget authority and outlays within the functional category totals to the House and Senate Appropriations Committees and the other committees that have jurisdiction over the programs in the functions. The Appropriations Committees are required, in turn, to allocate amounts of budget authority and outlays among their respective subcommittees. The subcommittees may not exceed their allocations in drafting spending bills. The other committees with jurisdiction over spending and receipts may make allocations among their subcommittees but are not required to. There is no allocation at the program level. However, the Budget Committees' reports may discuss assumptions about the level of funding for major programs. While these assumptions do not bind the committees and subcommittees with jurisdiction over the programs, they may influence their decisions. The budget resolution may contain "reconciliation direc-

¹For a fuller discussion of the congressional budget process, see Robert Keith and Allen Schick, *Manual on the Federal Budget Process* (Congressional Research Service Report 98-720 GOV, August 28, 1998.).

tives” (discussed below) to the committees responsible for tax laws and for spending not controlled by annual appropriation acts, in order to conform the level of receipts and this type of spending to the levels specified in the budget resolution.

The congressional timetable calls for the whole Congress to adopt the budget resolution by April 15 of each year, but Congress regularly misses this deadline. Once Congress passes a budget resolution, a member of Congress can raise a point of order to block a bill that would cause a committee’s allocation to be exceeded.

Budget resolutions are not laws and, therefore, do not require the President’s approval. However, Congress considers the President’s views in preparing budget resolutions, because legislation developed to meet congressional budget allocations does require the President’s approval. In some years, the President and the joint leadership of Congress have formally agreed on plans to reduce the deficit or balance the budget. These agreements were reflected in the budget resolution and legislation passed for those years.

Appropriations bills are initiated in the House. They provide the budget authority for the majority of Federal programs. The Appropriations Committee in each body has jurisdiction over annual appropriations. These committees are divided into subcommittees that hold hearings and review detailed budget justification materials prepared by the agencies within the subcommittee’s jurisdiction. After a bill has been drafted by a subcommittee, the committee and the whole House, in turn, must approve the bill, usually with amendments to the original version. The House then forwards the bill to the Senate, where a similar review follows. If the Senate disagrees with the House on particular matters in the bill, which is often the case, the two bodies form a conference committee (consisting of Members of both bodies) to resolve the differences. The conference committee revises the bill and returns it to both bodies for approval. When the revised bill is agreed to, first in the House and then in the Senate, Congress sends it to the President for approval or veto. The President can only approve or veto an entire bill. He cannot approve or veto selected parts of a bill.²

If Congress does not complete action on one or more appropriations bills by the beginning of the fiscal year, it enacts a joint resolution, which is similar to an appropriations bill, to provide authority for the affected agencies to continue operations at some specified level up to a specific date or until their regular appropriations are enacted. In some years, a continuing resolution has funded a portion or all of the Government for the entire year. Congress must present these resolutions to the President for approval or veto. In some cases, the President has rejected continuing resolutions because they contained unacceptable provisions. Left without funds, Government agencies were required by

law to shut down operations—with exceptions for some activities—until Congress passed a continuing resolution the President would approve. Shutdowns have lasted for periods of a day to several weeks.

As explained earlier, Congress also provides budget authority in laws other than appropriations acts. In fact, while annual appropriations acts control the spending for the majority of Federal programs, they control only one-third of the total spending in a typical year. Permanent laws, called authorizing legislation, control the rest of the spending. Such a large proportion of the budget is determined by such laws because they determine the amount of interest the Government pays on the public debt and the amounts spent by a few programs with large amounts of spending each year, such as social security. This chapter discusses the control of budget authority and outlays in greater detail under BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS.

Almost all taxes and most other receipts result from permanent laws. The House initiates tax bills, specifically in the Ways and Means Committee. In the Senate, the Finance Committee has jurisdiction over tax laws.

The budget resolution often includes reconciliation directives, which require authorizing committees to change permanent laws that affect receipts and outlays. They direct each designated committee to report amendments to the laws under the committee’s jurisdiction that will change the levels of receipts and spending controlled by the laws. The directives specify the dollar amount of changes that each designated committee is expected to achieve, but do not specify the laws to be changed or the changes to be made. However, the Budget Committees’ reports on the budget resolution may discuss assumptions about how the laws would be changed. Like other assumptions in the report, they do not bind the committees of jurisdiction but may influence their decisions.

The committees subject to reconciliation directives draft the implementing legislation. Such legislation may, for example, change the tax code, revise benefit formulas or eligibility requirements for benefit programs, or authorize Government agencies to charge fees to cover some of their costs. In some years, Congress has enacted an omnibus budget reconciliation act, which combines the amendments to implement reconciliation directives in a single act. These acts, together with appropriations acts for the year, often implement agreements between the President and the Congress. They may include other matters, such as laws providing the means for enforcing these agreements, as described below.

Budget Enforcement

The Budget Enforcement Act (BEA), first enacted in 1990 and extended in 1993 and 1997, significantly amended the laws pertaining to the budget process, including the Congressional Budget Act, the Balanced Budget and Emergency Deficit Control Act, and the

² In 1996, Congress enacted the Line Item Veto Act, granting the President limited authority to cancel new spending and limited tax benefits when he signs laws enacted by the Congress. However, in 1998, the Supreme Court declared the authority provided by the Act to be unconstitutional.

law pertaining to the President's budget (see PRINCIPAL BUDGET LAWS, later in the chapter). The BEA constrains legislation enacted through 2002 (2003 in certain cases) that would increase spending or decrease receipts.

The BEA divides spending into two types—*discretionary spending* and *direct spending*. Discretionary spending is controlled through annual appropriations acts. Funding for salaries and other operating expenses of Government agencies, for example, is usually discretionary because it is usually provided by appropriations acts. Direct spending is more commonly called mandatory spending. Mandatory spending is controlled by permanent laws. Medicare and medicaid payments, unemployment insurance benefits, and farm price supports are examples of mandatory spending, because permanent laws authorize payments for those purposes. The BEA specifically defines funding for the Food Stamp program as mandatory spending, even though appropriations acts provide the funding. The BEA includes receipts under the same rules that apply to mandatory spending, because permanent laws generally control receipts. The BEA constrains discretionary spending differently from mandatory spending and receipts, as explained in the following paragraphs.

The BEA defines categories of discretionary spending and limits (“caps”) the spending in each category by specifying dollar amounts for both budget authority and outlays for each fiscal year through 2002 (2003 in the case of spending for highways and mass transit). The following table lists the categories, which vary from year to year, and their caps. For 1998 and 1999, the BEA divided most discretionary spending between defense and non defense spending, excluding special categories. For 2000 through 2002, the BEA combines defense and nondefense spending, excluding special categories, into one category, which is shown as “Other discretionary.” For 1998 through 2000, the BEA provided a special category for violent crime reduction spending. The Transportation Equity Act for the 21st Century (TEA-21) (Public Law 105–178) added special categories (applying to outlays only) for highway and mass transit spending for 1999 through 2003.

The BEA requires OMB to adjust the caps up or down for certain reasons, such as to reflect conceptual changes or the enactment of emergency appropriations. The highways and mass transit caps, which apply to outlays only, were based on estimates at the time TEA-21 was drafted of gasoline excise taxes and other receipts credited to the Highway Trust Fund each year. The TEA-21 amendments require OMB to adjust these caps up or down for the difference in the amount of receipts actually collected in the past year and for re-estimates of the amount the Government expects to collect in the budget year. The table shows the adjusted caps. The Preview Report (described below) explains other cap adjustments proposed in this budget.

DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--|------|------|------|------|------|------|
| Defense: | | | | | | |
| Budget Authority | 272 | 287 | N/A | N/A | N/A | N/A |
| Outlays | 269 | 276 | N/A | N/A | N/A | N/A |
| Nondefense, excluding special categories: | | | | | | |
| Budget Authority | 256 | 291 | N/A | N/A | N/A | N/A |
| Outlays | 286 | 277 | N/A | N/A | N/A | N/A |
| Violent crime reduction: | | | | | | |
| Budget Authority | 6 | 6 | 5 | N/A | N/A | N/A |
| Outlays | 5 | 5 | 6 | N/A | N/A | N/A |
| Highways: | | | | | | |
| Budget Authority | N/A | N/A | N/A | N/A | N/A | N/A |
| Outlays | N/A | 22 | 25 | 27 | 28 | 28 |
| Mass transit: | | | | | | |
| Budget Authority | N/A | N/A | N/A | N/A | N/A | N/A |
| Outlays | N/A | 4 | 4 | 5 | 5 | 6 |
| Other discretionary: | | | | | | |
| Budget Authority | N/A | N/A | 567 | 541 | 550 | N/A |
| Outlays | N/A | N/A | 565 | 547 | 537 | N/A |
| Total discretionary: | | | | | | |
| Budget Authority | 533 | 583 | 571 | 541 | 550 | N/A |
| Outlays | 560 | 584 | 600 | 579 | 571 | 34 |

N/A means that this category was not applicable in the specified year.

If the amount of budget authority provided in appropriations acts for a given year exceeds the cap on budget authority for a category, or the amount of outlays in that year estimated to result from this budget authority exceeds the cap on outlays for a category, the BEA requires a procedure, called sequestration, for reducing the spending in that category. A sequestration reduces spending for most programs in the category by a uniform percentage. The BEA specifies special rules for reducing some programs and exempts some programs from sequestration entirely.

The BEA does not cap mandatory spending or require a certain level of receipts. Instead, it requires that all laws enacted through 2002 that affect mandatory spending or receipts must be enacted on a “*pay-as-you-go*” (*PAYGO*) basis. This means that if a law increases the deficit or reduces a surplus in the budget year or any of the four following years, another law must be enacted with an offsetting reduction in spending or increase in receipts for each year that is affected. Legislated increases in benefit payments, for example, would have to be offset by legislated reductions in other mandatory spending or increases in receipts. Otherwise, a sequestration would be triggered at the end of the session of Congress in the fiscal year in which the deficit would be increased. The BEA sequestration procedures require a uniform reduction of mandatory spending programs that are neither exempt nor subject to special rules. The BEA exempts social security, interest on the public debt, Federal employee retirement, Medicaid, most means-tested entitlements, deposit insurance, other prior legal obligations, and most unemploy-

ment benefits. A special rule limits the sequestration of Medicare spending to no more than four percent, and special rules for some other programs limit the size of a sequestration for those programs. As a result of exemptions and special rules, only about three percent of all mandatory spending is subject to sequestration, including the maximum amounts allowed under special rules.

The PAYGO rules do not apply to increases in mandatory spending or decreases in receipts that are not the result of new laws. For example, mandatory spending for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries rises, and many benefit payments are automatically increased for inflation under existing laws. Likewise, tax receipts decrease when the profits of private businesses decline as the result of economic conditions.

The BEA requires OMB to make the estimates and calculations that determine whether there is to be a sequestration and report them to the President and Congress. It requires the Congressional Budget Office (CBO) to make the same estimates and calculations, and the Director of OMB to explain any differences between the OMB and CBO estimates. The BEA requires the President to issue a sequestration order without changing any of the particulars of the OMB report. It requires the General Accounting Office to prepare compliance reports.

The BEA requires OMB and CBO to publish three sequestration reports—a “preview” report at the time the President submits the budget, an “update” report in August, and a “final” report at the end of a session of Congress (usually in the fall of each year). The preview report discusses the status of discretionary and PAYGO sequestration, based on current law. This report also explains the adjustments that are required by law to the discretionary caps and publishes the revised caps. (See Chapter 13, “Preview Report,” in the *Analytical Perspectives* volume of the 2001 budget.) The update and final reports revise the preview report estimates to reflect the effects of newly enacted discre-

tionary and PAYGO laws. The BEA requires OMB and CBO to estimate the effects of appropriations acts and PAYGO laws immediately after each one is enacted and to include these estimates, without change, in the update and final reports. OMB’s final report estimates trigger a sequestration if the appropriations enacted for the current year exceed the caps or if the cumulative effect of PAYGO legislation is estimated to increase a deficit or reduce a surplus. In addition, CBO estimates the effects of bills as they move through Congress for the purpose of the Budget Committees’ enforcement of the budget resolution within Congress. OMB provides advisory estimates on bills that might have significant consequences as they move through Congress.

From the end of a session of Congress through the following June 30th, discretionary sequestrations take place whenever an appropriations act for the current fiscal year causes a cap to be exceeded. Because a sequestration in the last quarter of a fiscal year might be too disruptive, the BEA specifies that a sequestration that otherwise would be required then is to be accomplished by reducing the cap for the next fiscal year. These requirements ensure that supplemental appropriations enacted during the fiscal year are subject to the budget enforcement provisions.

Budget Execution

Government agencies may not spend more than Congress has appropriated, and they may use funds only for purposes specified in law. The Antideficiency Act prohibits them from spending or obligating the Government to spend in advance of an appropriation, unless specific authority to do so has been provided in law. Additionally, the Act requires the President to apportion the funds available to most executive branch agencies. The President has delegated this authority to OMB, which usually apportions by time periods (usually by quarter of the fiscal year) and sometimes by activities. Agencies may request OMB to reapportion funds during the year to accommodate changing cir-

Budget Calendar

The following timetable highlights the scheduled dates for significant budget events during the year.

| | |
|--|--|
| Between the 1st Monday in January and the 1st Monday in February | President transmits the budget, including a sequestration preview report. |
| Six weeks later | Congressional committees report budget estimates to Budget Committees. |
| April 15 | Action to be completed on congressional budget resolution. |
| May 15 | House consideration of annual appropriations bills may begin. |
| June 15 | Action to be completed on reconciliation. |
| June 30 | Action on appropriations to be completed by House. |
| July 15 | President transmits Mid-Session Review of the budget. |
| August 20 | OMB updates the sequestration preview. |
| October 1 | Fiscal year begins. |
| 15 days after the end of a session of Congress | OMB issues final sequestration report, and the President issues a sequestration order, if necessary. |

cumstances. This system helps to ensure that funds are available to cover operations for the entire year.

During the budget execution phase, the Government often finds that it needs to spend more money than Congress has appropriated for the fiscal year because of circumstances that were not anticipated when the budget was formulated and appropriations enacted for that fiscal year. For example, more money might be needed in order to provide adequate assistance to an area stricken by an unusually severe natural disaster. Under such circumstances, Congress may enact a *supplemental appropriation*.

On the other hand, changing circumstances may reduce the need for certain spending for which Congress has appropriated funds. The President may propose not to spend funds under procedures specified in the Impoundment Control Act of 1974. These procedures prevent the President from failing to spend the funds without Congress' agreement. Otherwise, it would be possible for the President to thwart Congress' spending policies through inaction. Under the act, the President may pro-

pose deferrals or rescissions. *Deferrals*, which are temporary withholdings, take effect immediately unless overturned by an act of Congress. The President may only defer funds to provide for contingencies, to achieve savings made possible through changes in requirements or greater efficiency of operations, or as otherwise specifically provided in law. He may not defer funds for policy reasons. In 1999, the President proposed a total of \$1.7 billion in deferrals, and Congress overturned none. *Rescissions*, which permanently cancel budget authority, take effect only if Congress passes a law approving them. The law may approve only part of a rescission. If Congress does not pass such a law within 45 days of continuous session, the President must make the funds available for spending. The President may propose a rescission for any reason. In total, Congress has rescinded about one-third of the amount of funds that Presidents have proposed for rescission since enactment of the Impoundment Control Act. In 1999, the President proposed rescissions totaling \$35 million, and Congress rescinded a total of \$17 million.

COVERAGE OF THE BUDGET

Federal Government and Budget Totals

TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

| | 1999 actual | Estimate | |
|--|----------------|----------|-------|
| | | 2000 | 2001 |
| Budget authority | | | |
| Total | 1,777 | 1,801 | 1,885 |
| Off-budget | 326 | 334 | 343 |
| On-budget | 1,450 | 1,467 | 1,543 |
| Receipts: | | | |
| Total | 1,828 | 1,956 | 2,019 |
| Off-budget | 445 | 477 | 500 |
| On-budget | 1,383 | 1,480 | 1,519 |
| Outlays: | | | |
| Total | 1,703 | 1,790 | 1,835 |
| Off-budget | 321 | 329 | 340 |
| On-budget | 1,382 | 1,461 | 1,495 |
| Surplus: | | | |
| Total | 124 | 167 | 184 |
| Off-budget | 124 | 148 | 160 |
| Medicare Solvency Debt Reduction Reserve | | | 15 |
| Remaining On-budget | 1 | 19 | 9 |

The budget documents provide information on all Federal agencies and programs. However, because the laws governing Social Security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) and the Postal Service Fund exclude the receipts and outlays for those activities from the budget totals and from the calculation of the deficit or surplus for Budget Enforcement Act purposes, the budget presents on-budget and off-budget totals. The off-budget totals include the transactions excluded by

law from the budget totals. The on-budget and off-budget amounts are added together to derive the totals for the Federal Government. These are sometimes referred to as the unified or consolidated budget totals.

In 2001, the surplus section of this table shows the effect of the Administration's proposal to reserve part of the on-budget surplus for Medicare solvency and for catastrophic prescription drug coverage. Called "Medicare Solvency/Debt Reduction," these amounts would not be available for spending under the budget resolution or on the PAYGO scorecard. They would be available only for debt reduction, pending their use for Medicare or the catastrophic prescription drug program. These proposals are part of a broader budget framework proposal discussed in chapter 13, "Preview Report," of the *Analytical Perspectives* volume of the 2001 budget.

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae). Federal laws established these enterprises for public policy purposes, but they are privately owned and operated corporations. Because of their close relationship to the Government, the budget discusses them and reports their financial data in the budget *Appendix* and in some detailed tables.

The *Appendix* includes a presentation for the Board of Governors of the Federal Reserve System for information only. The amounts are not included in either the on-budget or off-budget totals because of the independent status of the System. However, the Federal Reserve System transfers its net earnings to the Treasury, and the budget records them as receipts.

Functional Classification

The functional classification arrays budget authority, outlays, and other budget data according to the major

purpose served—such as agriculture, income security, and national defense. There are nineteen major functions, most of which are divided into subfunctions. For example, the **Agriculture** function comprises the subfunctions **Farm Income Stabilization and Agricultural Research and Services**. The functional classification is an integral part of the congressional budget process, and the functional array meets the Congressional Budget Act requirement for a presentation in the budget by national needs and agency missions and programs. The following criteria are used in establishing functional categories and assigning activities to them:

- A function encompasses activities with similar purposes, emphasizing what the Federal Government seeks to accomplish rather than the means of accomplishment, the objects purchased, the clientele or geographic area served, or the Federal agency conducting the activity.
- A function must be of continuing national importance, and the amounts attributable to it must be significant.
- Each basic unit being classified (generally the appropriation or fund account) usually is classified according to its primary purpose and assigned to only one subfunction. However, some large accounts that serve more than one major purpose are subdivided into two or more subfunctions.

Section V, “Improving Government Performance,” in the main Budget volume of the 2001 budget provides information on government activities by function and subfunction.

Agencies, Accounts, Programs, Projects, and Activities

Various summary tables in the *Analytical Perspectives* volume of the 2001 budget provide information on budget authority, outlays, and offsetting collections and receipts arrayed by Federal agency. Chapter 25 of that volume, “Federal Programs by Agency and Account,” consists of a table that lists budget authority and outlays by budget account within each agency and the totals for each agency of budget authority, outlays, and receipts that offset the agency spending totals. The *Appendix to the Budget of the United States Government* provides budgetary, financial, and descriptive information about programs, projects, and activities by account within each agency. The Appendix also presents the most recently enacted appropriation language for an account and any changes that are proposed to be made for the budget year.

Types of Funds

Agency activities are financed through Federal funds and trust funds.

Federal funds comprise several types of funds. Receipt accounts of the **general fund**, which is the greater part of the budget, record receipts not earmarked by law for a specific purpose, such as almost all income tax receipts. The general funds also includes the pro-

ceeds of general borrowing. General fund appropriation accounts record general fund expenditures. General fund appropriations draw from general fund receipts collectively and, therefore, are not specifically linked to receipt accounts. **Special funds** consist of receipt accounts for Federal fund receipts that laws have earmarked for specific purposes and the associated appropriation accounts for the expenditure of those receipts. **Public enterprise** funds are revolving funds used for programs authorized by law to conduct a cycle of business-type operations, primarily with the public, in which outlays generate collections. **Intragovernmental funds** are revolving funds that conduct business-type operations primarily within and between Government agencies. The collections and the outlays of revolving funds are recorded in the same budget account.

Trust funds account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (such as the Highway Trust Fund) or for carrying out the stipulations of a trust agreement where the Nation is the beneficiary (such as any of several trust funds for gifts and donations for specific purposes). **Trust revolving funds** are trust funds credited with collections earmarked by law to carry out a cycle of business-type operations.

The Federal budget meaning of the term “trust,” as applied to trust fund accounts, differs significantly from its private sector usage. In the private sector, the beneficiary of a trust usually owns the trust’s assets, which are managed by a trustee who must follow the stipulations of the trust. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments, or change the purposes for which the collections are used, by changing existing laws. There is no substantive difference between a trust fund and a special fund or between a trust revolving fund and a public enterprise revolving fund. The Government does act as a true trustee for some funds. For example, it maintains accounts on behalf of individual Federal employees in the Thrift Savings Fund, investing them as directed by the individual employee. The Government accounts for such funds in **deposit funds**, which are not included in the budget. (Chapter 15, “Trust Funds and Federal Funds,” in the *Analytical Perspectives* volume of the 2001 budget provides more information on this subject.)

Current Operating Expenditures and Capital Investment

The budget includes all types of spending, including both current operating expenditures and capital investment. Capital investment includes direct purchases of land, structures, equipment, and software. It also includes subsidies for capital investment provided by direct loans and loan guarantees; purchases of other financial assets; grants to state and local governments for purchases of physical assets; and the conduct of

research, development, education, and training. (Chapter 6, "Federal Investment Spending and Capital Budgeting," in the *Analytical Perspectives* volume of the 2001

budget provides more information on capital investment.)

RECEIPTS, OFFSETTING COLLECTIONS AND RECEIPTS, AND USER FEES

In General

The budget records money collected by Government agencies two different ways. Depending on the nature of the activity generating the collection, they are recorded as either:

- **Receipts**, which are compared in total to outlays (net of offsetting collections and receipts) in calculating the surplus or deficit; or
- **Offsetting collections or offsetting receipts**, which are deducted from gross outlays to produce net outlay figures.

Receipts

Receipts are collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. Sometimes they are called governmental receipts. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user charges, customs duties, court fines, certain license fees, and deposits of earnings by the Federal Reserve System. Total receipts for the Federal Government include both on-budget and off-budget receipts (see the table, "Totals for the Budget and Federal Government," which appears earlier in this chapter.) Chapter 3, "Federal Receipts," in the *Analytical Perspectives* volume of the 2001 budget provides more information on receipts.

Offsetting Collections and Receipts

Offsetting collections and receipts result from either of two kinds of transactions:

- **Business-like or market-oriented activities with the public.** The budget records the proceeds from the sale of postage stamps, the fees charged for admittance to recreation areas, and the proceeds from the sale of Government-owned land, for example, as offsetting collections or receipts. They are deducted from gross budget authority and outlays, rather than added to receipts. This treatment produces budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity.
- **Intragovernmental transactions.** The budget also records collections by one Government account from another as offsetting collections or receipts. For example, the General Services Administration records payments it receives from other Government agencies for the rent of office space as offsetting collections in the Federal Buildings Fund. Intragovernmental offsetting collections and receipts are deducted from gross budget authority

and outlays so that the budget totals measure the transactions of the Government with the public.

A table in Chapter 20, "Outlays to the Public, Net and Gross," in the *Analytical Perspectives* volume of the 2001 budget, shows the effect of offsetting collections and receipts on gross outlays for each major Federal agency.

Although they both offset gross budget authority and outlays, the budget accounts for offsetting collections differently from offsetting receipts, as explained in the following sections.

Offsetting Collections

Some laws authorize agencies to credit collections directly to the account from which they will be spent and, usually, to spend the collections for the purpose of the account without further action by Congress. Most revolving funds operate with such authority. For example, a permanent law authorizes the Postal Service to use collections from the sale of stamps to finance its operations without a requirement for annual appropriations. The budget records these collections in the Postal Service Fund (a revolving fund) and records budget authority in an amount equal to the collections. Some intragovernmental collections are recorded in this manner. For example, the budget records the intragovernmental collections of the Federal Buildings Fund (mentioned earlier) in the same manner as the Postal Service Fund. In addition to revolving funds, some agencies are authorized to charge fees to defray a portion of costs for a program that are otherwise financed by appropriations from the general fund. In such cases, the budget records the offsetting collections and resulting budget authority in the program's general fund expenditure account.

Sometimes appropriations acts or provisions in other laws limit the obligations that can be financed by budget authority from offsetting collections. In those cases, the budget records budget authority in the amount available to incur obligations. Where accounts have offsetting collections, the budget shows the budget authority and outlays of the account both gross (before deducting offsetting collections) and net (after deducting offsetting collections). Totals for the agency, subfunction, and budget are net of offsetting collections.

While most offsetting collections credited to expenditure accounts result from business-like activity or are collected from other Government accounts, some are governmental in nature but are required by law to be treated as offsetting. The budget labels these "offsetting governmental collections."

Offsetting Receipts

Collections that are offset against gross outlays but are not authorized to be credited to expenditure accounts are credited to general fund, special fund, or trust fund receipt accounts and are called offsetting receipts. Offsetting receipts are deducted from budget authority and outlays in arriving at total budget authority and outlays. However, unlike offsetting collections credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. In most cases, they offset budget authority and outlays at the agency and subfunction levels. Offsetting receipts are subdivided into three categories, as follows:

- **Proprietary receipts from the public.**—These are collections from the public that arise out of the business-type or market-oriented activities of the Government. Most proprietary receipts are deducted from the budget authority and outlay totals of the agency that conducts the activity generating the receipt and of the subfunction to which the activity is assigned. For example, fees for using National Parks are deducted from the totals for the Department of Interior, which has responsibility for the parks, and the Recreational Resources subfunction. Proprietary receipts from a few sources, however, are not offset against any specific agency or function and are classified as undistributed offsetting receipts. They are deducted from the Government-wide totals for budget authority and outlays. For example, the collections of rents and royalties from outer continental shelf lands are undistributed because the amounts are large and for the most part are not related to the spending of the agency that administers the transactions and the subfunction that records the administrative expenses.
- **Intragovernmental transactions.**—These are collections from expenditure accounts that are de-

posited into receipt accounts. Most intragovernmental transactions are deducted from the budget authority and outlays of the agency that conducts the activity generating the receipts and of the subfunction to which the activity is assigned. In two cases, however, intragovernmental transactions appear as special deductions in computing total budget authority and outlays for the Government rather than as offsets at the agency level—agencies' payments as employers into employee retirement trust funds and interest received by trust funds. The special treatment for these receipts is necessary because the amounts are large and would distort the agency totals, as measures of the agency's activities, if they were attributed to the agency.

- **Offsetting governmental receipts.**—These are collections that are governmental in nature but are required by law to be treated as offsetting and are not authorized to be credited to expenditure accounts.

User Fees

In the budget, the term "user fee" refers to fees, charges, and assessments the Government levies on a class directly benefiting from, or subject to regulation by, a Government program or activity, to be utilized solely to support the program or activity. It does not refer to a separate budget category for collections. The budget records user fees as receipts or as offsetting collections or receipts, depending on whether the fee results primarily from the exercise of governmental powers or from business-like activity.

See Chapter 4, "User Fees and Other Collections," in the *Analytical Perspectives* volume of the 2001 budget, for a more detailed discussion of user fees and offsetting collections and receipts.

BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS

Budget Authority and Other Budgetary Resources

Budget authority is the authority provided in law to enter into obligations that will result in immediate or future outlays of Government funds. Government officials may obligate the Government to make outlays only to the extent they have been granted budget authority. The budget records budget authority as a dollar amount in the year when it first becomes available. Under the circumstances described below, unobligated balances of budget authority may be carried over into the next year. The budget does not record these balances as budget authority again. They do, however, constitute a budgetary resource that is available for obligation. In some cases, a provision of law (such as a limitation on obligations or a benefit formula) precludes the obligation of funds that would otherwise be available

for obligation. In such cases, the budget records budget authority equal to the amount of obligations that can be incurred.

In deciding the amount of budget authority to request for a program, project, or activity, agency officials estimate the total amount of obligations they will need to incur to achieve desired goals and subtract the amounts of unobligated balances available for these purposes. The amount of budget authority requested is influenced by the nature of the programs, projects, or activities being financed. For current operating expenditures, the amount requested usually covers needs for the year. For major procurement programs and construction projects, the Government generally applies a full funding policy. Under this policy, agencies must request an amount to be appropriated in the first year that they estimate will be adequate to complete an economically useful segment of a procurement or

project, even though it may be obligated over several years. This policy is intended to ensure that the decision-makers take into account all costs and benefits fully at the time decisions are made to provide resources. It also avoids sinking money into a procurement or project without being certain if or when future funding will be available to complete the procurement or project. Budget authority takes several forms:

- **appropriations**, provided in annual appropriations acts or permanent laws, permit agencies to incur obligations and make payment;
- **authority to borrow**, usually provided in permanent laws, permits agencies to incur obligations but requires them to borrow funds, usually from the general fund of the Treasury, to make payment;
- **contract authority**, usually provided in permanent law, permits agencies to incur obligations in advance of a separate appropriation of the cash for payment or in anticipation of the collection of receipts that can be used for payment; and
- **spending authority from offsetting collections**, usually provided in permanent law, permits agencies to credit offsetting collections to an expenditure account, incur obligations, and make payment using the offsetting collections.

Because offsetting collections and receipts are deducted from gross budget authority, they are referred to as negative budget authority for some purposes, such as Congressional Budget Act provisions that pertain to budget authority.

Authorizing statutes usually determine the form of budget authority for a program. The authorizing statute may authorize a particular type of budget authority to be provided in annual appropriations acts, or it may provide one of the forms of budget authority directly, without the need for further appropriations. Most programs are funded by appropriations. An appropriation may make funds available from the general fund, special funds, or trust funds, or authorize the spending of offsetting collections credited to expenditure accounts, including revolving funds. Borrowing authority is usually authorized for business-like activities where the activity being financed is expected to produce income over time with which to repay the borrowing with interest. Contract authority is a traditional form of budget authority for certain programs, particularly transportation programs.

Annual appropriations acts generally make budget authority available for obligation only during the fiscal year to which the act applies. However, they specify many exceptions that allow budget authority for a particular purpose to remain available for obligation for a longer period or indefinitely (that is, until expended or until the program objectives have been attained). Typically, appropriations acts make budget authority for current operations available for only one year, and budget authority for construction and some research projects available for a specified number of years or indefinitely. Many appropriations of trust fund

receipts make the budget authority available indefinitely. Only another law can extend a limited period of availability (see Reappropriation below). Budget authority provided in authorizing statutes usually remains available until expended.

Budget authority that is available for more than one year and that is not obligated in the year it becomes available is carried forward for obligation in a following year. In some cases, an account may have carried forward unobligated budget authority from more than one year. The sum of such amounts constitutes the account's **unobligated balance**. Budget authority that has been obligated but not paid constitutes the account's **obligated balance**. For example, in the case of salaries and wages, one to three weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payments may occur over a period of several years after the obligation is made. Obligated balances of budget authority at the end of the year are carried forward until the obligations are paid or the balances are canceled. (A general law cancels the obligated balances of budget authority that was made available for a definite period five years after the end of the period, and then other resources must be used to pay the obligations.) Due to such flows, a change in the amount of obligations incurred from one year to the next does not necessarily result from an equal change in the amount of budget authority available for that year and will not necessarily result in an equal change in the level of outlays in that year. Conversely, a change in the amount of budget authority available in any one year may change the level of obligations and outlays for several years to come.³

Congress usually makes budget authority available on the first day of the fiscal year for which the appropriations act is passed. Occasionally, the appropriations language specifies a different timing. The language may provide an **advance appropriation**—budget authority that does not become available until one year or more beyond the fiscal year for which the appropriations act is passed. **Forward funding** refers to budget authority that is made available for obligation beginning in the last quarter of the fiscal year (beginning on July 1st) for the financing of ongoing grant programs during the next fiscal year. This kind of funding is used mostly for education programs, so that obligations for grants can be made prior to the beginning of the next school year. For certain benefit programs funded by annual appropriations, the appropriation provides for **advance funding**—budget authority that is to be charged to the appropriation in the succeeding year but which authorizes obligations to be incurred in the last quarter of the current fiscal year if necessary to meet benefit payments in excess of the specific amount appropriated for the year.

³A separate report, "Balances of Budget Authority," provides additional information on balances. The National Technical Information Service, Department of Commerce, makes the report available shortly after the budget is transmitted.

Provisions of law that extend the availability of unobligated amounts that have expired or would otherwise expire are called **reappropriations**. Reappropriations count as new budget authority in the fiscal year in which the balances become newly available. For example, if a 2001 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 2000, new budget authority would be recorded for 2001.

For purposes of the Budget Enforcement Act (discussed earlier under "Budget Enforcement"), the budget classifies budget authority as **discretionary** or **mandatory**. Generally, budget authority is discretionary if provided in an annual appropriations act and mandatory if provided in authorizing legislation. However, the BEA requires the budget authority provided in annual appropriations acts for certain specifically identified programs to be treated as mandatory. This is because the authorizing legislation in these cases entitles beneficiaries to receive payment or otherwise obligates the Government to make payment, even though the payments are funded by a subsequent appropriation. Since the authorizing legislation effectively determines the amount of budget authority required, the BEA classifies it as mandatory. As discussed later, the discretionary and mandatory classification applies to the outlays that flow from budget authority, according to the classification of the budget authority.

The budget also classifies budget authority as **definite** or **indefinite**. It is definite if the legislation that provides it specifies a dollar amount (which may be an amount not to be exceeded). It is indefinite if, instead of specifying an amount, the legislation providing it permits the amount to be determined by subsequent circumstances. For example, indefinite budget authority is provided for interest on the public debt, payment of claims and judgments awarded by the courts against the U.S., and many entitlement programs. Many of the laws that authorize collections to be credited to revolving, special, and trust funds make all of the collections available for expenditure for the authorized purposes of the fund, and such authority is considered to be indefinite budget authority. In some such cases, only some of the amount of collections otherwise available is counted as budget authority, because the rest is precluded from obligation in a fiscal year by a provision of law, such as a limitation on obligations or a benefit formula that determines the amounts to be paid (for example, the formula for unemployment insurance benefits).

Obligations Incurred

Following the enactment of budget authority and the completion of required apportionment action, Government agencies incur obligations to make payments. Agencies must record obligations when they enter into binding agreements that will result in outlays, immediately or in the future. Such obligations include the current liabilities for salaries, wages, and interest; and contracts for the purchase of supplies and equipment,

construction, and the acquisition of office space, buildings, and land. For Federal credit programs, obligations are recorded in an amount equal to the estimated subsidy cost of direct loans and loan guarantees (see FEDERAL CREDIT below).

Outlays

Outlays are the measure of Government spending. The budget records outlays for payments that liquidate obligations (other than the repayment of debt), net of refunds and offsetting collections. They are recorded when obligations are paid, in the amount that is paid. The Government usually makes outlays in the form of cash (currency, checks, or electronic fund transfers). However, in some cases agencies pay obligations without disbursing cash and the budget records outlays nevertheless. For example, the budget records outlays for the full amount of Federal employees' salaries, even though the cash disbursed to employees is net of Federal and state income taxes, retirement contributions, life and health insurance premiums, and other deductions. (The budget also records receipts for the deductions of Federal income taxes and other payments to the Government.) The budget records outlays and an increase in debt when debt instruments (bonds, debentures, notes, or monetary credits) are used to pay obligations. For example, the budget records the acquisition of physical assets through certain types of lease-purchase arrangements as though an outlay were made for an outright purchase. Because no cash is paid up front to the nominal owner of the asset, the transaction creates a Government debt. In such cases, the cash lease payments are treated as repayments of principal and interest.

The measurement of interest varies. The budget records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when the cash is paid. Treasury issues a kind of security that features monthly adjustments to principal for inflation and semiannual payments of interest on the inflation-adjusted principal. As with fixed-rate securities, the budget records the interest payments on these securities as outlays as the interest accrues. The monthly adjustment to principal is recorded, simultaneously, as an increase in debt outstanding and an outlay of interest. The budget normally states the interest on special issues of the Treasury debt securities held by trust funds and other Government accounts on a cash basis. When a Government account is invested in Federal debt securities, the purchase price is usually close or identical to the par (face) value of the security. The budget records the investment at par value and adjusts the interest paid by Treasury and collected by the account by the difference between purchase price and par, if any. However, two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund, routinely have relatively large differences between purchase price and par. For these funds, the budget records the holdings of debt at par but records the differences

between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security. The budget records interest as the amortization occurs.

For Federal credit programs, outlays are equal to the subsidy cost of direct loans and loan guarantees and are recorded as the underlying loans are disbursed (see FEDERAL CREDIT below).

The budget records refunds of receipts that result from overpayments (such as income taxes withheld in excess of tax liabilities) as reductions of receipts, rather than as outlays. The budget records payments to taxpayers for tax credits (such as earned income tax credits) that exceed the taxpayer's tax liability as outlays.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority provided in the same year or against unobligated balances of budget authority provided in prior years. Outlays, therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. The ratio of the outlays resulting from budget authority enacted in any year to the amount of that budget authority is referred to as the spendout rate for that year.

As mentioned earlier, the budget classifies budget authority as discretionary or mandatory for the purposes

of the BEA. This classification indicates whether appropriations acts or authorizing legislation control the amount of budget authority that is available. Outlays are classified as discretionary or mandatory according to the classification of the budget authority from which they flow. This classification of outlays measures the extent to which actual spending is controlled through the annual appropriations process. Typically, only one-third (\$575 billion in 1999) of total outlays for a fiscal year are discretionary and the rest (\$1,128 billion in 1999) consists of mandatory spending and net interest payments. Such a large portion of total spending is nondiscretionary because authorizing legislation determines net interest payments (\$230 billion in 1999) and the spending for a few programs with large amounts of spending each year, such as Social Security (\$387 billion in 1999) and Medicare (\$188 billion in 1999).

Outlays for an account are stated both gross and net of any offsetting collections credited to the account, but function, agency, and Government-wide outlay totals are only stated net. (See Chapter 20, "Outlays to the Public, Net and Gross," in the *Analytical Perspectives* volume of the 2001 budget.) Total outlays for the Federal Government include both on-budget and off-budget outlays. (See the table, "Totals for the Budget and Federal Government" above.)

FEDERAL CREDIT

Some laws authorize Government agencies to make direct loans or loan guarantees. A *direct loan* is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes equivalent transactions such as selling a property on credit terms in lieu of receiving cash up front. A *loan guarantee* is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The Federal Credit Reform Act prescribes the budget treatment for Federal credit programs. This treatment is designed to measure the subsidy cost of direct loans and loan guarantees in the budget, when the loans are disbursed, rather than the cash flows over the term of the loan, so direct loans and loan guarantees can be compared to each other and to other methods of delivering benefits, such as grants, on an equivalent basis.

The budget records the estimated long-term cost to the Government arising from direct loans and loan guarantees in *credit program accounts*. The cost is estimated as the present value of expected disbursements over the term of the loan less the present value of expected collections.⁵ For most credit programs, as with most other kinds of programs, agencies can incur

costs only if Congress has appropriated funds sufficient to cover the costs in annual appropriations acts.

When an agency disburses a direct loan or when a non-federal lender disburses a loan guaranteed by an agency, the program account outlays an amount equal to the cost to a non-budgetary *credit financing account*. For a few programs, the computed cost is negative, because the present value of expected collections over the term of the loan exceeds that of expected disbursements. In such cases, the financing account makes a payment to the Treasury general fund where it is recorded as an offsetting receipt in an account identified to the program. In a few cases, the receipts are earmarked in a special fund established for the program and are available for appropriation for the program.

The agencies responsible for credit programs must reestimate the cost of the outstanding direct loans and loan guarantees, normally each year. If an agency estimates the cost to have increased, the agency must make an additional outlay from the program account to the financing account. If the agency estimates the cost to have decreased, the agency must make a payment from the financing account to the program's receipt account, where it is recorded as an offsetting receipt. The Federal Credit Reform Act provides a permanent indefinite appropriation to pay the increased costs resulting from reestimates.

If the Government modifies the terms of an outstanding direct loan or loan guarantee in a way that

⁵ Present value is a standard financial concept that allows for the time value of money, that is, for the fact that a given sum of money is worth more at present than in the future because interest can be earned on it.

increases the cost, as the result of a law or the exercise of administrative discretion under existing law, the agency must record an obligation in the program account for an additional amount equal to the increased cost and outlay the amount to the financing account. As with the original costs, agencies may incur modification costs only if Congress has appropriated funds to cover them. The Government may reduce costs by modifications, in which case the agency makes a payment from the financing account to the program's receipt account.

Credit financing accounts record all cash flows to and from the Government arising from direct loan obligations and loan guarantee commitments. These cash flows consist mainly of direct loan disbursements and repayments, loan guarantee default payments, fees, and amounts recovered from disposing assets acquired as

a result of defaults. Separate financing accounts record the cash flows of direct loans and of loan guarantees for programs that do both. The budget totals exclude the transactions of financing accounts because they are not a cost to the Government. Financing account transactions affect the means of financing a budget surplus or deficit (see **Credit Financing Accounts** in the next section). The budget documents display the transactions of the financing accounts, together with the related program accounts, for information and analytical purposes.

The budget continues to account for the transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 on a cash flow basis. The budget records these transactions in *credit liquidating accounts*, which, in most cases, are the accounts that were used for the programs prior to the enactment of the Credit Reform Act.

BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

When outlays exceed receipts, the difference is a deficit. The Government finances deficits by borrowing and, to a limited extent, with the other means of financing discussed under this heading. The Government's debt (debt held by the public) is approximately the cumulative amount of borrowing to finance deficits, less repayments. When receipts exceed outlays, the difference is a surplus. The Government uses surpluses to reduce debt and applies it to the means of financing. Most of the other means of financing may be either positive or negative; that is, they may increase or decrease the Government's borrowing needs or its ability to reduce the publicly held debt.

Borrowing and Debt Repayment

The budget treats borrowing and debt repayment as a means of financing, not as receipts and outlays. If borrowing were defined as receipts and debt repayment as outlays, the budget would be virtually balanced by definition. This rule applies both to borrowing in the form of Treasury securities and to specialized borrowing in the form of agency securities (including the issuance of debt securities to liquidate an obligation and the sale of certificates representing participation in a pool of loans). In 1999, the Government repaid \$89 billion of debt held by the public. This was the result of a \$4 billion surplus in that year. The rest of the surplus was needed to finance direct loans disbursed in credit financing accounts, which are discussed below, and for smaller changes in the other means of financing. At the end of 1999, the debt held by the public was \$3,633 billion. In addition to selling debt to the public, the Treasury Department issues debt to Government accounts, primarily trust funds that are required by law to invest in Treasury securities. Issuing and redeeming this debt does not affect the means of financing, because these transactions occur between one Government account and another and thus do not raise or use any cash for the Government as a whole. (See Chapter 12, "Federal Borrowing and Debt," in the *Analytical Per-*

spectives volume of the 2001 budget for a fuller discussion of this topic.)

Debt Buyback Premiums and Discounts

The Treasury Department plans to buy back outstanding U.S. notes and bonds as part of its efforts to manage efficiently the reduction of the publicly held debt. The Treasury has made no firm decisions about the timing or the amount of the buybacks at this time.

Because interest rates are now lower than the coupon rates on most of the notes and bonds that Treasury might buy, the government will have to pay a premium over the book value of these securities. However, because any new securities issued to finance these purchases would carry a lower coupon rate, these transactions would involve no net long-term cost to the taxpayer; in fact, if the liquidity of all new issues of Treasury securities is enhanced by the buybacks, as expected, total interest costs should be reduced. This raised a question about the proper budget treatment of any purchase premium.

There is no precise precedent for the budget treatment of debt buybacks, in that the Treasury has not entered into the market to buy outstanding Federal securities for cash during the past century. The buyback premium is part of the cost of borrowing money for the period in which the debt was outstanding, like a coupon interest payment. Interest payments are normally recorded as budget outlays over the period in which the debt is outstanding, but buyback premiums present special problems, in that they would be paid when the debt is repaid.

In similar past circumstances (in particular, the small amounts of unamortized original-issue discount that remained on several issues of Treasury bonds that were called), the practice has been to record any premium as interest at the time of the buyback—in the year the premium was paid in cash. However, this shows the cost at a time different from when it was incurred, and makes it appear that the buyback itself results

in an additional cost to the government. It also has the effect of reducing the budget surplus, which could discourage buybacks, even though they impose no additional cost to the government. Moreover, under this accounting, the budget would record receipts if securities were bought at a discount (which would be the case when current interest rates were higher than the rates on outstanding securities). This would create a perverse incentive to buy back securities that were available at a discount to increase the recorded surplus, even though such transactions would yield no long-term gain to the government.

There are three alternatives to recording buyback premiums and discounts in the year of the buyback. Like immediate scoring, each has advantages and disadvantages—no option is perfect.

Premiums and discounts could be spread retroactively over the years when the securities were outstanding, by adjusting the historical interest outlay figures. This would reflect the cost in the period in which it was incurred, and would eliminate the perverse incentives created by recording the premiums or discounts in the year of the buyback. However, this method would record the interest cost for securities that are bought back differently from that of otherwise identical securities that remain outstanding. It would also require changes to historical data every time Treasury bought back more securities, making those data less useful and reducing their credibility.

The outlays for premiums or receipts for discounts could be amortized in future years—for example, over a period equal to the remaining lives of the securities when they were bought back. This would reduce the perverse incentives of the current treatment. However, it would record outlays for premiums or receipts for discounts much later than the period in which the costs were really incurred. It would lead future recorded interest outlays (net of receipts from discounts) to be inconsistent with the terms and amount of the debt outstanding in future years. In the extreme, the budget could show interest outlays (because of amortized premiums) after all debt had been retired.

There are many possible variations of these alternatives that would record premiums (or discounts) over shorter or longer periods in the past or the future. None of them would significantly alter the pros and cons identified above.

A third alternative is to record payments for premiums or collections for discounts not as outlays or receipts, but as a means of financing the surplus or deficit, in the year of the buyback. This is the way that borrowing and repayment of debt are treated. Under this accounting, premiums would decrease the Treasury's cash balance, and discounts would increase it, in the year of the buyback. Because the premiums or discounts would not be recorded as outlays or receipts, this would avoid the perverse incentives associated with recording outlays or receipts all in the buyback year. It would not require repeated changes to the historical data. It would not distort outlays in

the current year or future years as a measure of the costs incurred in those periods. A disadvantage is that the budget would not record buyback premiums as interest outlays or buyback receipts as interest receipts in any period (though the premiums and discounts would be presented in the Budget table on the Federal debt), and thus the budget would permanently misstate the cumulative interest outlays over time.

After consulting with the Congressional Budget Office and the House and Senate Budget Committees, the Administration has concluded that, on balance, the best option is to account for buyback premiums and discounts as a means of financing (although, like all of the other options, it does have some disadvantages). However, this treatment clearly would not be appropriate for any non-financial Federal transaction. Debt buybacks would not use or transfer the control of real resources, would not change the net worth (in economic terms) of the Federal government or the private sector, and would not change net credit flows. In contrast, any government transfer payment, or any purchase of a good or service, would so allocate Federal resources, and so must be recorded as a budgetary outlay. Most Federal financial transactions, including the payment of coupon interest on outstanding securities and the subsidy conveyed by direct loans and loan guarantees, also impose a cost on the government and allocate resources, and therefore must also be recorded as outlays. This is so even though a government purchase might be deemed to have long-term benefits for the Nation (in fact, *all* government purchases are deemed to be beneficial), or might be undertaken under a legal obligation (such as the payment of coupon interest on outstanding Treasury bonds, notes or bills).

The Treasury will begin conducting debt buybacks in the next few months, and expects to conduct several such operations in the first half of calendar year 2000. Based on the results of these first operations, the Treasury expects to develop a plan for debt buybacks as a part of its ongoing cash- and debt-management operations. Because it is impossible to develop a firm plan prior to completion of the initial operations, this budget includes no estimate of future buyback premiums. When the buybacks do occur, future budgets will record any premium payments or discount collections as a means of financing, and will present them in a separate entry in the tables on the Federal debt that show the means of financing.

Exercise of Monetary Power

Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage adds to the Government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the Government's power to create money. Therefore, the budget excludes seigniorage from receipts and treats it as a means of financing other than borrowing from the public. The budget treats prof-

its resulting from the sale of gold as a means of financing, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Credit Financing Accounts

The budget records the net cash flows of credit programs in credit financing accounts, which are excluded from the budget totals and are called net financing disbursements. (See FEDERAL CREDIT above.) Net financing disbursements are defined in the same way as the outlays of a budgetary account and are therefore a means of financing other than borrowing from the public. Like outlays, they may be either positive or negative.

The net financing disbursements result partly from intragovernmental transactions with budgetary accounts (the receipt of subsidy payments and the receipt or payment of interest) and partly from transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, etc.). An intragovernmental transaction affects the deficit or surplus and the means of financing in equal amounts but with opposite signs, so they have no combined effect on Treasury borrowing from the public. On the other hand, financing account disbursements to the public increase the requirement for Treasury borrowing in the same way as an increase in budget outlays. Financing account receipts from the public can be used to finance the payment of the Government's obligations and therefore reduce the requirement for Treasury borrowing from the public in the same way as an increase in budget receipts.

Deposit Fund Account Balances

The Treasury uses deposit funds, which are non-budgetary accounts, to record amounts held temporarily until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). Deposit fund balances may be held in the form of either invested or uninvested balances. Changes in deposit fund balances affect the Treasury's cash balances, even though the transactions are not a part of the budget. To the extent that deposit fund balances are not invested, changes in the balances are a means of financing other than borrowing from the public. To the extent that the balances are invested in Federal debt, changes in the balances are reflected as borrowing from the public.

Exchanges with the International Monetary Fund

Under the terms of its participation in the IMF, the U.S. transfers dollars to the IMF and receives Special Drawing Rights in return. The SDR's are interest-bearing monetary assets and may be exchanged for foreign currency at any time. These transfers are like bank deposits and withdrawals. Following a recommendation of the 1967 President's Commission on Budget Concepts, the budget excludes these transfers from budget outlays or receipts. The budget does record interest paid by the IMF on U.S. deposits (as an offsetting collection). It also records outlays for foreign currency exchanges to the extent there is a realized loss in dollars terms and offsetting collections to the extent there is a realized gain in dollar terms.

FEDERAL EMPLOYMENT

The budget includes information on civilian and military employment and personnel compensation and benefits. It also compares the Federal workforce, State and local government workforces, and the United States population. The budget provides two different measures of Federal employment levels—actual positions filled and full-time equivalents (FTE). One FTE equals one work year or 2,080 hours. For most purposes, the FTE measure is more meaningful, because it takes into account part-time employment, temporary employment, and vacancies during the year. For example, one full-time employee and two half-time employees would count as two FTE's but three positions. (Chapter 10,

"Federal Employment," in the Analytical Perspectives volume of the 2001 budget provides more information on this subject.)

TOTAL FEDERAL EMPLOYMENT

| | 1999 actual | 2000 estimated | 2001 estimated | Percent change 1999 to 2000 |
|--|----------------|-------------------|-------------------|--------------------------------------|
| Total FTE's | 4,113,481 | 4,182,925 | 4,086,227 | -0.7 |
| Federal Executive Branch civilian employees per 1000 U.S. population | 9.7 | 9.8 | 9.4 | -3.1 |

BASIS FOR BUDGET FIGURES

Data for the Past Year

The past year column (1999) generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial

reports prepared by the Treasury Department for the most recently completed fiscal year. Occasionally the budget reports corrections to data reported erroneously to Treasury but not discovered in time to be reflected

in Treasury's published data. The budget usually notes the sources of such differences.

Data for the Current Year

The current year column (2000) includes estimates of transactions and balances based on the amounts of budgetary resources that were available when the budget was transmitted, including amounts appropriated for the year. This column also reflects any supplemental appropriations or rescissions proposed in the budget.

Data for the Budget Year

The budget year column (2001) includes estimates of transactions and balances based on the amounts of budgetary resources that are estimated to be available, including new budget authority requested under current authorizing legislation, and amounts estimated to result from changes in authorizing legislation and tax laws. The budget *Appendix* generally includes the appropriations language for the amounts proposed to be appropriated under current authorizing legislation. In a few cases, this language is transmitted later because the exact requirements are unknown when the budget is transmitted. The *Appendix* generally does not include appropriations language for the amounts that will be requested under proposed legislation; that language is usually transmitted later, after the legislation is enacted. Some tables in the budget identify the items for later transmittal and the related outlays separately. Estimates of the total requirements for the budget year include both the amounts requested with the transmittal of the budget and the amounts planned for later transmittal.

Data for the Outyears

The budget presents estimates for each of the four years beyond the budget year (2002 through 2005) in order to reflect the effect of budget decisions on longer term objectives and plans.

Allowances

The budget may include lump-sum allowances to cover certain transactions that are expected to increase

or decrease budget authority, outlays, or receipts but are not, for various reasons, reflected in the program details. For example, the budget might include an allowance to show the effect on the budget totals of a proposal that would actually affect many accounts by relatively small amounts, in order to avoid unnecessary detail in the presentations for the individual accounts. Congress does not enact the allowances as such.

Baseline

The budget baseline is an estimate of the receipts, outlays, and deficits or surplus that would result from continuing current law through the period covered by the budget. The baseline assumes that receipts and mandatory spending, which generally are authorized on a permanent basis, will continue in the future as required by current law. The baseline assumes that the future funding for discretionary programs, which generally are funded annually, will equal the most recently enacted appropriation, adjusted for inflation. The baseline represents the amount of real resources that would be used by the Government over the period covered by the budget on the basis of laws currently enacted. (Chapter 14, "Current Services Estimates," in the *Analytical Perspectives* volume of the 2001 budget provides more information on the baseline.)

The baseline serves several useful purposes:

- It may warn of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs; or it may show the resources available for future use to reduce the publicly held debt, increase spending programs, or cut taxes.
- It provides a starting point for formulating the President's budget.
- It provides a "policy-neutral" benchmark against which the President's budget and alternative proposals can be compared to assess the magnitude of proposed changes.
- OMB uses it, under the BEA, to determine how much will be sequestered from each account and the level of funding remaining after sequestration.

PRINCIPAL BUDGET LAWS

The following basic laws govern the Federal budget process:

- **Article 1, section 8, clause 1 of the Constitution**, which empowers the Congress to collect taxes.
- **Article 1, section 9, clause 7 of the Constitution**, which requires appropriations in law before money may be spent from the Treasury.
- **Antideficiency Act (codified in Chapters 13 and 15 of Title 31, United States Code)**, which prescribes rules and procedures for budget execution.

- **Chapter 11 of Title 31, United States Code**, which prescribes procedures for submission of the President's budget and information to be contained in it.
- **Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344)**, as amended. This Act comprises the:
 - Congressional Budget Act of 1974, as amended, which prescribes the congressional budget process; and
 - Impoundment Control Act of 1974, which controls certain aspects of budget execution.

- **Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177)**, as amended, which prescribes rules and procedures (including “sequestration”) designed to eliminate excess spending. This Act is commonly known as the Gramm-Rudman-Hollings Act.
- **Budget Enforcement Act of 1990 (Title XIII, Public Law 101-508)** significantly amended key laws pertaining to the budget process, including the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act. The Budget Enforcement Act of 1997 (Title X, Public Law 105-33) extended the BEA requirements through 2002 (2006 in part) and altered some of the requirements. The requirements generally re-

ferred to as BEA requirements (discretionary spending limits, pay-as-you-go, sequestration, etc.) are part of the Balanced Budget and Emergency Deficit Control Act.

- **Federal Credit Reform Act of 1990 (as amended by the Budget Enforcement Act of 1997)**, a part of the Budget Enforcement Act of 1990, which amended the Congressional Budget Act to prescribe the budget treatment for Federal credit programs.
- **Government Performance and Results Act of 1993**, which emphasizes managing for results. It requires agencies to prepare strategic plans, annual performance plans, and annual performance reports.

GLOSSARY OF BUDGET TERMS

Agency means a department or establishment of the Government.

Allowance means a lump-sum included in the budget to represent certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but that are not, for various reasons, reflected in the program details.

Balances of budget authority means the amounts of budget authority provided in previous years that have not been outlayed.

Baseline means an estimate of the receipts, outlays, and deficit or surplus that would result from continuing current law through the period covered by the budget.

Budget means the Budget of the United States Government, which sets forth the President’s comprehensive financial plan for allocating resources and indicates the President’s priorities for the Federal Government.

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. (For a description of the several forms of budget authority, see Budget Authority and Other Budgetary Resources earlier in this chapter.)

Budget totals mean the totals included in the budget for budget authority, outlays, and receipts. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities except those excluded from the budget totals by law. The off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Under current law, the off-budget totals include the Social Security trust funds (Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds) and the Postal Service Fund. The budget combines the on- and off-budget totals to derive unified or consolidated totals for Federal activity.

Budgetary resources mean amounts available to incur obligations in a given year. The term comprises new budget authority and unobligated balances of budget authority provided in previous years.

Cap means the legal limits on the budget authority and outlays for each fiscal year provided by discretionary appropriations.

Cash equivalent transaction means a transaction in which the Government makes outlays or receives collections in a form other than cash. (For a examples, see the section on Outlays earlier in this chapter.)

Credit program account means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to a financing account.

Deficit means the amount by which outlays exceed receipts in a fiscal year. It may refer to the on-budget, off-budget, or unified budget deficit.

Direct loan means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term also includes the sale of a Government asset on credit terms of more than 90 days duration as well as financing arrangements for other transactions that defer payment for more than 90 days. It also includes loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation. (Cf. loan guarantee.)

Direct spending—See *mandatory spending*.

Discretionary appropriations means budgetary resources (except those provided to fund mandatory

spending programs) provided in appropriations acts. (Cf. mandatory spending.)

Emergency appropriation means an appropriation that the President and the Congress have designated as an emergency requirement. Such spending is not subject to the limits on discretionary spending, if it is discretionary spending, or the pay-as-you-go rules, if it is mandatory.

Federal funds group refers to the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (Cf. trust funds.)

Financing account means a non-budgetary account (its transactions are excluded from the budget totals) that records all of the cash flows resulting from post-1991 direct loan obligations or loan guarantee commitments. At least one financing account is associated with each credit program account. For programs that make both direct loans and loan guarantees, there are separate financing accounts for the direct loans and the loan guarantees. (Cf. liquidating account.)

Fiscal year means the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends.

General fund means the accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

Liquidating account means a budget account that records all cash flows to and from the Government resulting from pre-1992 direct loan obligations or loan guarantee commitments. (Cf. financing account.)

Loan guarantee means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, except for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (Cf. direct loan.)

Mandatory spending means spending controlled by laws other than appropriations acts (including spending for entitlement programs) and spending for the food stamp program. Although the Budget Enforcement Act use the term direct spending to mean this, mandatory spending is commonly used instead. (Cf. discretionary appropriations.)

Intragovernmental fund—see *revolving fund*.

Obligated balance means the cumulative amount of budget authority that has been obligated but not yet outlayed. (Cf. unobligated balance.)

Obligation means a binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Off-budget—See budget totals.

Offsetting collections mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and, by law, are credited directly to expenditure accounts. Usually, they may be spent for the purposes of the account without further action by Congress. They result from business-type or market-oriented activities with the public and other Government accounts. (Cf. receipts and offsetting receipts.)

Offsetting receipts mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and are not authorized to be credited to expenditure accounts. Instead, they are credited to offsetting receipt accounts. The legislation that authorizes the offsetting receipts may require them to be appropriated in annual appropriation acts before they can be spent. Like offsetting collections, they result from business-type or market-oriented activities with the public and other Government accounts. (Cf. receipts and offsetting collections.)

On-budget—See *budget totals*.

Outlay means a payment to liquidate an obligation (other than the repayment of debt). Outlays are the measure of Government spending. Except where they are labeled as gross, they are stated net of any related refunds and offsetting collections or receipts. Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of public debt.

Pay-as-you-go (PAYGO) means the requirements of the Budget Enforcement Act that result in a sequestration if the estimated combined result of legislation affecting mandatory spending or receipts is a net cost for a fiscal year.

Outyear estimates means estimates presented in the budget for the years beyond the budget year (usually four) of budget authority, outlays, receipts, and other items (such as debt).

Public enterprise fund—See *revolving fund*.

Receipt means a collection that results from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. They are compared to outlays in calculating a surplus or deficit. (Cf. offsetting collections and offsetting receipts.)

Revolving fund means a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are two types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, and intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies.

Scorekeeping means measuring the budget effects of legislation, generally in terms of budget authority, receipts, and outlays for purposes of the Budget Enforcement Act.

Sequestration means the cancellation of budgetary resources provided by discretionary appropriations or mandatory spending legislation, following various procedures prescribed by the Budget Enforcement Act. A sequestration may occur in response to a discretionary appropriation that causes discretionary spending to exceed the discretionary spending caps or in response to net costs resulting from the combined result of legislation affecting mandatory spending or receipts (referred to as a “pay-as-you-go” sequestration).

Special fund means a Federal fund accounts for receipts earmarked for specific purposes and for the expenditure of these receipts. (Cf. trust fund.)

Subsidy means the same as cost when it is used in connection with Federal credit programs.

Surplus means the amount by which receipts exceed outlays.

Supplemental appropriation means an appropriation enacted subsequent to a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

Trust fund refers to a type of account, designated by law as a trust fund, for receipts earmarked for specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. (Cf. special fund and revolving fund.) Trust funds group refers to the moneys collected and spent by the Government through trust fund accounts. (Cf., *Federal funds group*.)

Unobligated balance means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law.

User fee means a fee, charge, and assessment levied on a class directly benefiting from, or subject to regulation by, a Government program or activity, to be utilized solely to support the program or activity.

25. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

EXPLANATORY NOTE

This section includes a detailed tabulation containing information on budget authority (BA), outlays (O), and subfunctional code number(s) for each appropriation and fund account. Budget authority amounts reflect transfers of budget authority between appropriations. All budget authority items are definite appropriations except where otherwise indicated.

Congressional action on appropriations occasionally results in the establishment of a limitation on the use of a trust fund or other fund, or an appropriation to liquidate contract authority. Amounts for these and other such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

25. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

LEGISLATIVE BRANCH

(In millions of dollars)

| Account | | | 1999 actual | estimate | | | | | |
|---|-----|----|----------------|----------|------|------|------|------|------|
| | | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Senate | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| General and Special Funds: | | | | | | | | | |
| Compensation of members, Senate: | | | | | | | | | |
| Appropriation, mandatory | 801 | BA | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Outlays | | O | 17 | 18 | 18 | 18 | 18 | 18 | 18 |
| Salaries, officers and employees: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 81 | 90 | 93 | 93 | 93 | 93 | 93 |
| Outlays | | O | 78 | 90 | 93 | 93 | 93 | 93 | 93 |
| Office of the Legislative Counsel of the Senate: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | | O | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Inquiries and investigations: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 67 | 72 | 74 | 74 | 74 | 74 | 74 |
| Outlays | | O | 62 | 72 | 74 | 74 | 74 | 74 | 74 |
| Miscellaneous items: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Outlays | | O | 6 | 9 | 9 | 9 | 9 | 9 | 9 |
| Senators' official personnel and office expense account: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 229 | 244 | 273 | 273 | 273 | 273 | 273 |
| Outlays | | O | 229 | 244 | 273 | 273 | 273 | 273 | 273 |
| Secretary of the Senate: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | | O | 7 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sergeant at Arms and Doorkeeper of the Senate: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 72 | 66 | 101 | 101 | 101 | 101 | 101 |
| Outlays | | O | 76 | 66 | 101 | 101 | 101 | 101 | 101 |
| Official mail costs: | | | | | | | | | |
| Outlays | 801 | O | 2 | | | | | | |
| Congressional use of foreign currency, Senate: | | | | | | | | | |
| Appropriation, mandatory | 801 | BA | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | | O | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senate items: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | | O | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Enterprise Funds: | | | | | | | | | |
| Senate revolving funds: | | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 801 | BA | | | 2 | 2 | 2 | 2 | 2 |
| Outlays | | O | | | 2 | 2 | 2 | 2 | 2 |
| Senate revolving funds (gross) | | | | | | | | | |
| | | BA | | | 2 | 2 | 2 | 2 | 2 |
| | | O | | | 2 | 2 | 2 | 2 | 2 |
| Total, offsetting collections | | | | | | | | | |
| | | | | | -2 | -2 | -2 | -2 | -2 |
| Total Senate revolving funds (net) | | | | | | | | | |
| | | BA | | | | | | | |
| | | O | | | | | | | |
| Total Federal funds Senate | | | | | | | | | |
| | | BA | 486 | 508 | 577 | 577 | 577 | 577 | 577 |
| | | O | 483 | 508 | 577 | 577 | 577 | 577 | 577 |

House of Representatives

Federal funds

General and Special Funds:

| | | | | | | | | | |
|--|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Compensation of Members and related administrative expenses: | | | | | | | | | |
| Appropriation, mandatory | 801 | BA | 76 | 77 | 78 | 78 | 79 | 79 | 80 |
| Outlays | | O | 76 | 77 | 78 | 78 | 79 | 79 | 80 |
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 801 | BA | 740 | 758 | 799 | 801 | 801 | 801 | 801 |
| Outlays | | O | 717 | 760 | 798 | 801 | 801 | 801 | 801 |

LEGISLATIVE BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | | |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Congressional use of foreign currency, House of Representatives: | | | | | | | | | |
| Appropriation, mandatory | 801 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Federal funds House of Representatives | BA O | 818 795 | 837 839 | 879 878 | 881 881 | 882 882 | 882 882 | 883 883 | |

Joint Items
Federal funds

General and Special Funds:

| | | | | | | | | | |
|--|---------|-------------------|------------------|-------------------|------------------|-----------------|-----------------|-----------------|----|
| Capitol guide service and special services office: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Joint Economic Committee: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Joint Committee on Taxation: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Office of the Attending Physician: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| General expenses, Capitol police: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 6 | 7 | 10 | 9 | 9 | 9 | 9 | 9 |
| Outlays | O | 7 | 7 | 10 | 9 | 9 | 9 | 9 | 9 |
| Security enhancements: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 93 | | | | | | | |
| Outlays | O | | 51 | 29 | | | | | |
| Salaries, Capitol Police: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 86 | 79 | 101 | 76 | 76 | 76 | 76 | 76 |
| Outlays | O | 83 | 77 | 100 | 77 | 76 | 76 | 76 | 76 |
| United States capitol police memorial fund: | | | | | | | | | |
| Appropriation, mandatory | 801 BA | 1 | | | | | | | |
| Outlays | O | 1 | | | | | | | |
| Total Federal funds Joint Items | BA O | 198 102 | 99 148 | 125 153 | 99 100 | 99 99 | 99 99 | 99 99 | |

Office of Compliance
Federal funds

General and Special Funds:

| | | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|---|
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Congressional Budget Office
Federal funds

General and Special Funds:

| | | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|--|
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 26 | 26 | 28 | 30 | 31 | 32 | 33 | |
| Outlays | O | 24 | 27 | 29 | 30 | 31 | 32 | 33 | |

Architect of the Capitol
Federal funds

General and Special Funds:

| | | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|--|
| Capitol buildings, salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 45 | 47 | 60 | 50 | 50 | 50 | 50 | |
| Outlays | O | 40 | 62 | 61 | 52 | 51 | 51 | 51 | |
| Capitol grounds: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 6 | 5 | 6 | 6 | 6 | 6 | 6 | |
| Outlays | O | 5 | 15 | 13 | 6 | 6 | 6 | 6 | |
| Congressional cemetery: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 1 | | | | | | | |
| Outlays | O | 1 | | | | | | | |

LEGISLATIVE BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|--|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Senate office buildings: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 54 | 64 | 67 | 67 | 67 | 67 | 67 | |
| Outlays | O | 51 | 66 | 57 | 67 | 67 | 67 | 67 | |
| House office buildings: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 48 | 37 | 53 | 40 | 40 | 40 | 40 | |
| Outlays | O | 31 | 55 | 55 | 42 | 40 | 40 | 40 | |
| Capitol power plant: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 38 | 38 | 41 | 41 | 41 | 41 | 41 | |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 | |
| Outlays | O | 36 | 44 | 46 | 45 | 45 | 45 | 45 | |
| Capitol power plant (gross) | BA | 42 | 42 | 45 | 45 | 45 | 45 | 45 | |
| | O | 36 | 44 | 46 | 45 | 45 | 45 | 45 | |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 | |
| Total Capitol power plant (net) | BA | 38 | 38 | 41 | 41 | 41 | 41 | 41 | |
| | O | 32 | 40 | 42 | 41 | 41 | 41 | 41 | |
| Library buildings and grounds, structural and mechanical care: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 15 | 16 | 20 | 17 | 17 | 17 | 17 | |
| Outlays | O | 11 | 26 | 21 | 18 | 17 | 17 | 17 | |
| Capitol visitor center: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 100 | | | | | | | |
| Outlays | O | | 10 | 21 | | | | | |
| Intragovernmental Funds: | | | | | | | | | |
| Judiciary office building development and operations fund: | | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 801 BA | 21 | 21 | 21 | 21 | 21 | 21 | 21 | |
| Outlays | O | 21 | 21 | 21 | 21 | 21 | 21 | 21 | |
| Judiciary office building development and operations fund (gross) | BA | 21 | 21 | 21 | 21 | 21 | 21 | 21 | |
| | O | 21 | 21 | 21 | 21 | 21 | 21 | 21 | |
| Total, offsetting collections | | -23 | -23 | -23 | -24 | -24 | -24 | -24 | |
| Total Judiciary office building development and operations fund (net) | BA | -2 | -2 | -2 | -3 | -3 | -3 | -3 | |
| | O | -2 | -2 | -2 | -3 | -3 | -3 | -3 | |
| <i>Trust funds</i> | | | | | | | | | |
| Gifts and donations: | | | | | | | | | |
| Appropriation, mandatory | 801 BA | | | | 1 | 3 | | | |
| Outlays | O | | | | 1 | 3 | | | |
| Total Federal funds Architect of the Capitol | BA | 305 | 205 | 245 | 218 | 218 | 218 | 218 | |
| | O | 169 | 272 | 268 | 223 | 219 | 219 | 219 | |
| Total Trust funds Architect of the Capitol | BA | | | | 1 | 3 | | | |
| | O | | | | 1 | 3 | | | |
| Botanic Garden | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| General and Special Funds: | | | | | | | | | |
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 801 BA | 3 | 3 | 5 | 5 | 5 | 5 | 5 | |
| Outlays | O | 9 | 19 | 18 | 5 | 5 | 5 | 5 | |
| <i>Trust funds</i> | | | | | | | | | |
| Gifts and donations: | | | | | | | | | |
| Appropriation, mandatory | 801 BA | | 6 | 2 | | | | | |
| Outlays | O | | 6 | 2 | | | | | |
| Library of Congress | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| General and Special Funds: | | | | | | | | | |
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 503 BA | 245 | 249 | 285 | 298 | 308 | 317 | 328 | |
| Spending authority from offsetting collections, discretionary | BA | 65 | 93 | 87 | 87 | 87 | 87 | 87 | |

LEGISLATIVE BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 301 | 316 | 355 | 372 | 381 | 391 | 401 |
| Salaries and expenses (gross) | BA | 310 | 342 | 372 | 385 | 395 | 404 | 415 |
| | O | 301 | 316 | 355 | 372 | 381 | 391 | 401 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -66 | -93 | -87 | -87 | -87 | -87 | -87 |
| Total Salaries and expenses (net) | BA | 245 | 249 | 285 | 298 | 308 | 317 | 328 |
| | O | 235 | 223 | 268 | 285 | 294 | 304 | 314 |
| Copyright Office: Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 14 | 11 | 12 | 12 | 13 | 14 | 14 |
| Spending authority from offsetting collections, discretionary | BA | 19 | 26 | 27 | 27 | 27 | 27 | 27 |
| Outlays | O | 31 | 33 | 36 | 36 | 37 | 38 | 38 |
| Copyright Office (gross) | BA | 33 | 37 | 39 | 39 | 40 | 41 | 41 |
| | O | 31 | 33 | 36 | 36 | 37 | 38 | 38 |
| Total, offsetting collections | | -19 | -26 | -27 | -27 | -27 | -27 | -27 |
| Total Copyright Office (net) | BA | 14 | 11 | 12 | 12 | 13 | 14 | 14 |
| | O | 12 | 7 | 9 | 9 | 10 | 11 | 11 |
| Congressional Research Service: Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 801 BA | 67 | 71 | 76 | 80 | 84 | 88 | 92 |
| Outlays | O | 67 | 70 | 75 | 79 | 84 | 87 | 91 |
| Books for the blind and physically handicapped: Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 47 | 48 | 49 | 50 | 51 | 52 | 53 |
| Outlays | O | 45 | 45 | 47 | 48 | 49 | 50 | 51 |
| Furniture and furnishings: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 4 | 5 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 4 | 4 | 5 | 6 | 6 | 6 | 6 |
| Payments to copyright owners: | | | | | | | | |
| Appropriation, mandatory | 376 BA | 243 | 180 | 212 | 212 | 232 | 255 | 240 |
| Outlays | O | 174 | 455 | 89 | 268 | 147 | 115 | 246 |
| Public Enterprise Funds: | | | | | | | | |
| Cooperative acquisitions program revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 503 BA | 2 | 2 | 3 | 3 | 3 | 3 | 4 |
| Outlays | O | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Cooperative acquisitions program revolving fund (gross) | BA | 2 | 2 | 3 | 3 | 3 | 3 | 4 |
| | O | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Total, offsetting collections | | -2 | -2 | -3 | -3 | -3 | -3 | -4 |
| Total Cooperative acquisitions program revolving fund (net) | BA | | | | | | | |
| | O | | | | | | | -1 |
| <i>Trust funds</i> | | | | | | | | |
| Gift and trust fund accounts: | | | | | | | | |
| Appropriation, mandatory | 503 BA | 31 | 52 | 50 | 26 | 26 | 26 | 27 |
| Outlays | O | 26 | 47 | 50 | 29 | 26 | 26 | 27 |
| Total Federal funds Library of Congress | BA | 620 | 564 | 640 | 658 | 694 | 732 | 733 |
| | O | 537 | 804 | 493 | 695 | 590 | 573 | 718 |
| Total Trust funds Library of Congress | BA | 31 | 52 | 50 | 26 | 26 | 26 | 27 |
| | O | 26 | 47 | 50 | 29 | 26 | 26 | 27 |

Government Printing Office
Federal funds

General and Special Funds:

| | | | | | | | | |
|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Congressional printing and binding: | | | | | | | | |
| Appropriation, discretionary | 801 BA | 74 | 73 | 81 | 81 | 81 | 81 | 81 |
| Outlays | O | 77 | 77 | 80 | 80 | 80 | 81 | 81 |
| Office of Superintendent of Documents: Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 29 | 30 | 34 | 34 | 34 | 34 | 34 |
| Outlays | O | 31 | 31 | 31 | 35 | 35 | 34 | 34 |

LEGISLATIVE BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Intragovernmental Funds: | | | | | | | | |
| Government Printing Office revolving fund: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 3 | | 6 | | | | |
| Spending authority from offsetting collections, mandatory | BA | 806 | 813 | 776 | 842 | 859 | 876 | 894 |
| Outlays | O | 759 | 822 | 776 | 844 | 838 | 870 | 911 |
| <hr/> | | | | | | | | |
| Government Printing Office revolving fund (gross) | BA | 809 | 813 | 782 | 842 | 859 | 876 | 894 |
| | O | 759 | 822 | 776 | 844 | 838 | 870 | 911 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -36 | -20 | -15 | 10 | -14 | -9 | 8 |
| Total, offsetting collections | | -770 | -793 | -761 | -852 | -845 | -867 | -902 |
| <hr/> | | | | | | | | |
| Total Government Printing Office revolving fund (net) | BA | 3 | | 6 | | | | |
| | O | -11 | 29 | 15 | -8 | -7 | 3 | 9 |
| <hr/> | | | | | | | | |
| Total Federal funds Government Printing Office | BA | 106 | 103 | 121 | 115 | 115 | 115 | 115 |
| | O | 97 | 137 | 126 | 107 | 108 | 118 | 124 |

General Accounting Office

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 801 BA | 356 | 378 | 400 | 393 | 401 | 409 | 417 |
| Spending authority from offsetting collections, discretionary | BA | 12 | 2 | 3 | 2 | 2 | 2 | 2 |
| Outlays | O | 369 | 377 | 427 | 395 | 403 | 411 | 418 |
| <hr/> | | | | | | | | |
| Salaries and expenses (gross) | BA | 368 | 380 | 403 | 395 | 403 | 411 | 419 |
| | O | 369 | 377 | 427 | 395 | 403 | 411 | 418 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -1 | -1 | | | | | |
| Total, offsetting collections | | -9 | -1 | -3 | -2 | -2 | -2 | -2 |
| <hr/> | | | | | | | | |
| Total Salaries and expenses (net) | BA | 358 | 378 | 400 | 393 | 401 | 409 | 417 |
| | O | 360 | 376 | 424 | 393 | 401 | 409 | 416 |

United States Tax Court

Federal funds

General and Special Funds:

| | | | | | | | | |
|------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 33 | 35 | 37 | 50 | 52 | 53 | 54 |
| Outlays | O | 33 | 31 | 37 | 48 | 52 | 53 | 54 |

Other Legislative Branch Agencies

Legislative Branch Boards and Commissions

Federal funds

General and Special Funds:

| | | | | | | | | |
|--|--------|----|---|---|---|---|---|---|
| National Bipartisan Commission on the Future of Medicare: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 571 BA | 1 | | | | | | |
| Outlays | O | 1 | | | | | | |
| <hr/> | | | | | | | | |
| National Bipartisan Commission on the Future of Medicare (gross) | BA | 1 | | | | | | |
| | O | 1 | | | | | | |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | -1 | | | | | | |
| <hr/> | | | | | | | | |
| Total National Bipartisan Commission on the Future of Medicare (net) | BA | | | | | | | |
| | O | | | | | | | |
| <hr/> | | | | | | | | |
| Medicare Payment Advisory Commission (Medicare): | | | | | | | | |
| (Spending authority from offsetting collections, discretionary) | 571 BA | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| (Outlays) | O | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| <hr/> | | | | | | | | |
| Medicare Payment Advisory Commission (gross) | BA | 7 | 7 | 8 | 8 | 8 | 8 | 8 |
| | O | 6 | 7 | 8 | 8 | 8 | 8 | 8 |

LEGISLATIVE BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -7 | -7 | -8 | -8 | -8 | -8 | -8 |
| Total (Medicare) (net) | BA | | | | | | | |
| | O | -1 | | | | | | |
| Total Medicare Payment Advisory Commission | BA | | | | | | | |
| | O | -1 | | | | | | |
| Census monitoring board: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 4 | 5 | 4 | 4 | 4 | 4 |
| United States Commission on International Religious Freedom: | | | | | | | | |
| Appropriation, discretionary | 801 BA | 3 | | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | | 3 | 3 | 3 | 3 | 3 | 3 |
| Gambling Impact Study Commission: | | | | | | | | |
| Outlays | 801 O | 3 | | | | | | |
| Other Legislative Branch Boards and Commissions | | | | | | | | |
| (Other advancement of commerce): | | | | | | | | |
| (Appropriation, discretionary) | 376 BA | | 1 | | | | | |
| (Outlays) | O | | 1 | | | | | |
| (Legislative functions): | | | | | | | | |
| (Appropriation, discretionary) | 801 BA | 2 | 1 | 1 | | | | |
| (Outlays) | O | 1 | 1 | 2 | | | | |
| (Other general government): | | | | | | | | |
| (Appropriation, discretionary) | 808 BA | 2 | | | | | | |
| (Outlays) | O | 2 | | | | | | |
| Total Other Legislative Branch Boards and Commissions | BA | 4 | 2 | 1 | | | | |
| | O | 3 | 2 | 2 | | | | |
| <i>Trust funds</i> | | | | | | | | |
| U.S. Capitol preservation commission: | | | | | | | | |
| Appropriation, mandatory | 801 BA | 1 | 1 | 8 | 8 | 2 | | |
| Outlays | O | | | | | | 44 | |
| John C. Stennis Center for Public Service Development trust fund: | | | | | | | | |
| Appropriation, mandatory | 801 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Legislative Branch Boards and Commissions | BA | 11 | 6 | 8 | 7 | 7 | 7 | 7 |
| | O | 9 | 9 | 10 | 7 | 7 | 7 | 7 |
| Total Trust funds Legislative Branch Boards and Commissions | BA | 2 | 2 | 9 | 9 | 3 | 1 | 1 |
| | O | 1 | 1 | 1 | 1 | 1 | 45 | 1 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 2,966 | 2,766 | 3,067 | 3,035 | 3,083 | 3,131 | 3,143 |
| | O | 2,620 | 3,172 | 3,015 | 3,068 | 2,973 | 2,976 | 3,137 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 908 BA/O | -28 | -21 | -38 | -24 | -28 | -34 | -33 |
| Total Federal funds | BA | 2,938 | 2,745 | 3,029 | 3,011 | 3,055 | 3,097 | 3,110 |
| | O | 2,592 | 3,151 | 2,977 | 3,044 | 2,945 | 2,942 | 3,104 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 33 | 60 | 61 | 36 | 32 | 27 | 28 |
| | O | 27 | 54 | 53 | 31 | 30 | 71 | 28 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 503 BA/O | -8 | -8 | -8 | -8 | -9 | -9 | -9 |
| | 908 BA/O | -2 | | | | | | |
| Total Trust funds | BA | 23 | 52 | 53 | 28 | 23 | 18 | 19 |
| | O | 17 | 46 | 45 | 23 | 21 | 62 | 19 |
| Total Legislative Branch | BA | 2,961 | 2,797 | 3,082 | 3,039 | 3,078 | 3,115 | 3,129 |
| | O | 2,609 | 3,197 | 3,022 | 3,067 | 2,966 | 3,004 | 3,123 |

JUDICIAL BRANCH
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Supreme Court of the United States | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 29 | 34 | 36 | 37 | 37 | 37 | 37 |
| Appropriation, mandatory | BA | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Outlays | O | 29 | 35 | 36 | 36 | 38 | 39 | 41 |
| Total Salaries and expenses | BA | 31 | 36 | 38 | 39 | 39 | 39 | 40 |
| | O | 29 | 35 | 36 | 36 | 38 | 39 | 41 |
| Care of the building and grounds: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 5 | 8 | 8 | 7 | 7 | 7 | 7 |
| Outlays | O | 4 | 7 | 7 | 7 | 7 | 7 | 7 |
| Total Federal funds Supreme Court of the United States | BA | 36 | 44 | 46 | 46 | 46 | 46 | 47 |
| | O | 33 | 42 | 43 | 43 | 45 | 46 | 48 |
| United States Court of Appeals for the Federal Circuit | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 14 | 15 | 17 | 17 | 17 | 17 | 17 |
| Appropriation, mandatory | BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 16 | 16 | 18 | 19 | 19 | 19 | 19 |
| Total Salaries and expenses | BA | 16 | 17 | 20 | 20 | 20 | 20 | 20 |
| | O | 16 | 16 | 18 | 19 | 19 | 19 | 19 |
| United States Court of International Trade | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 10 | 10 | 11 | 11 | 11 | 11 | 11 |
| Appropriation, mandatory | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| Total Salaries and expenses | BA | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| | O | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| Courts of Appeals, District Courts, and other Judicial Services | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 2,600 | 2,736 | 3,251 | 3,350 | 3,453 | 3,559 | 3,669 |
| Appropriation, mandatory | BA | 223 | 236 | 248 | 258 | 268 | 278 | 289 |
| Spending authority from offsetting collections, discretionary | BA | 280 | 418 | 213 | 213 | 213 | 213 | 213 |
| Outlays | O | 3,171 | 3,397 | 3,703 | 3,817 | 3,930 | 4,046 | 4,167 |
| Salaries and expenses (gross) | BA | 3,103 | 3,390 | 3,712 | 3,821 | 3,934 | 4,050 | 4,171 |
| | O | 3,171 | 3,397 | 3,703 | 3,817 | 3,930 | 4,046 | 4,167 |
| Total, offsetting collections | | -280 | -418 | -213 | -213 | -213 | -213 | -213 |
| Total Salaries and expenses (net) | BA | 2,823 | 2,972 | 3,499 | 3,608 | 3,721 | 3,837 | 3,958 |
| | O | 2,891 | 2,979 | 3,490 | 3,604 | 3,717 | 3,833 | 3,954 |
| Defender services: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 361 | 349 | 440 | 452 | 465 | 477 | 490 |
| Spending authority from offsetting collections, discretionary | BA | 31 | 26 | | | | | |
| Outlays | O | 361 | 406 | 442 | 452 | 464 | 477 | 489 |
| Defender services (gross) | BA | 392 | 375 | 440 | 452 | 465 | 477 | 490 |
| | O | 361 | 406 | 442 | 452 | 464 | 477 | 489 |

JUDICIAL BRANCH—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Judicial Retirement Funds | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to judiciary trust funds: | | | | | | | | |
| Appropriation, mandatory | 752 BA | 38 | 40 | 36 | 37 | 39 | 40 | 42 |
| Outlays | O | 38 | 40 | 36 | 37 | 39 | 40 | 42 |
| <i>Trust funds</i> | | | | | | | | |
| Judicial officers' retirement fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 33 | 39 | 36 | 39 | 41 | 44 | 47 |
| Outlays | O | 14 | 15 | 16 | 16 | 17 | 18 | 18 |
| Judicial survivors' annuities fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 37 | 34 | 36 | 39 | 41 | 43 | 46 |
| Outlays | O | 11 | 12 | 12 | 13 | 13 | 14 | 14 |
| United States Court of Federal Claims Judges' Retirement Fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| Total Federal funds Judicial Retirement Funds | BA | 38 | 40 | 36 | 37 | 39 | 40 | 42 |
| | O | 38 | 40 | 36 | 37 | 39 | 40 | 42 |
| Total Trust funds Judicial Retirement Funds | BA | 72 | 75 | 74 | 80 | 84 | 89 | 95 |
| | O | 26 | 28 | 29 | 30 | 31 | 33 | 34 |
| United States Sentencing Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 9 | 8 | 11 | 11 | 11 | 11 | 11 |
| Outlays | O | 8 | 8 | 11 | 11 | 11 | 11 | 11 |
| Violent Crime Reduction Programs | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Violent crime reduction programs: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 41 | 183 | | | | | |
| Outlays | O | 41 | 183 | | | | | |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 4,002 | 4,233 | 4,755 | 4,891 | 5,033 | 5,178 | 5,329 |
| | O | 4,029 | 4,565 | 4,778 | 4,890 | 5,023 | 5,169 | 5,321 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 752 BA/O | -214 | -164 | -205 | -209 | -214 | -221 | -226 |
| Proprietary receipts from the public | 752 BA/O | -14 | -12 | -12 | -13 | -13 | -13 | -13 |
| Total Federal funds | BA | 3,774 | 4,057 | 4,538 | 4,669 | 4,806 | 4,944 | 5,090 |
| | O | 3,801 | 4,389 | 4,561 | 4,668 | 4,796 | 4,935 | 5,082 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 72 | 76 | 75 | 81 | 85 | 90 | 96 |
| | O | 27 | 29 | 30 | 31 | 32 | 34 | 35 |
| Interfund transactions | 752 BA/O | -38 | -40 | -36 | -37 | -39 | -40 | -41 |
| Total Judicial Branch | BA | 3,808 | 4,093 | 4,577 | 4,713 | 4,852 | 4,994 | 5,145 |
| | O | 3,790 | 4,378 | 4,555 | 4,662 | 4,789 | 4,929 | 5,076 |

DEPARTMENT OF AGRICULTURE
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Office of the Secretary | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Office of the Secretary: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 31 | 24 | -18 | -18 | -18 | -19 | -19 |
| Advance appropriation, discretionary | BA | | | 30 | 30 | 30 | 31 | 32 |
| Outlays | O | 9 | 39 | 17 | 12 | 12 | 12 | 13 |
| Total Office of the Secretary | BA | 31 | 24 | 12 | 12 | 12 | 12 | 13 |
| | O | 9 | 39 | 17 | 12 | 12 | 12 | 13 |
| Fund for rural America | | | | | | | | |
| (Agricultural research and services): | | | | | | | | |
| (Appropriation, discretionary) | 352 BA | | | -30 | -30 | -30 | -30 | -30 |
| (Appropriation, mandatory) | BA | | 20 | 60 | 30 | 30 | 30 | 30 |
| (Outlays) | O | 10 | 12 | 22 | 23 | 19 | 9 | 2 |
| Total (Agricultural research and services) | BA | | 20 | 30 | | | | |
| | O | 10 | 12 | 22 | 23 | 19 | 9 | 2 |
| (Area and regional development): | | | | | | | | |
| (Appropriation, discretionary) | 452 BA | | | -30 | -30 | -30 | -30 | -30 |
| (Appropriation, mandatory) | BA | | 40 | 60 | 30 | 30 | 30 | 30 |
| (Outlays) | O | | 8 | 38 | 10 | 6 | 4 | 2 |
| Total (Area and regional development) | BA | | 40 | 30 | | | | |
| | O | | 8 | 38 | 10 | 6 | 4 | 2 |
| Total Fund for rural America | BA | | 60 | 60 | | | | |
| | O | 10 | 20 | 60 | 33 | 25 | 13 | 4 |
| <i>Trust funds</i> | | | | | | | | |
| Gifts and bequests: | | | | | | | | |
| Appropriation, mandatory | 352 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Office of the Secretary | BA | 31 | 84 | 72 | 12 | 12 | 12 | 13 |
| | O | 19 | 59 | 77 | 45 | 37 | 25 | 17 |
| Total Trust funds Office of the Secretary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Executive Operations | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Executive operations: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 24 | 25 | 28 | 28 | 28 | 29 | 30 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 24 | 23 | 29 | 29 | 29 | 30 | 30 |
| Executive operations (gross) | BA | 25 | 26 | 29 | 29 | 29 | 30 | 31 |
| | O | 24 | 23 | 29 | 29 | 29 | 30 | 30 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Executive operations (net) | BA | 24 | 25 | 28 | 28 | 28 | 29 | 30 |
| | O | 23 | 22 | 28 | 28 | 28 | 29 | 29 |
| Chief financial officer: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 4 | 5 | 6 | 6 | 6 | 6 | 6 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| Chief financial officer (gross) | BA | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| | O | 6 | 7 | 8 | 8 | 8 | 8 | 8 |
| Change in receivables and unpaid, unfiled orders | BA | -1 | | | | | | |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -1 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Chief financial officer (net) | BA | 4 | 5 | 6 | 6 | 6 | 6 | 6 |
| | O | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Office of the chief information officer: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 59 | 10 | 15 | 15 | 15 | 16 | 16 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 20 | 45 | 16 | 16 | 16 | 17 | 17 |
| Office of the chief information officer (gross) | BA | 60 | 11 | 16 | 16 | 16 | 17 | 17 |
| | O | 20 | 45 | 16 | 16 | 16 | 17 | 17 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Office of the chief information officer (net) | BA | 59 | 10 | 15 | 15 | 15 | 16 | 16 |
| | O | 19 | 44 | 15 | 15 | 15 | 16 | 16 |
| Intragovernmental Funds: | | | | | | | | |
| Common computing environment: | | | | | | | | |
| Appropriation, discretionary | 352 BA | | | 75 | 75 | 76 | 78 | 79 |
| Outlays | O | | | 63 | 75 | 76 | 77 | 79 |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 352 BA | 267 | 291 | 300 | 300 | 304 | 311 | 318 |
| Outlays | O | 263 | 291 | 300 | 300 | 304 | 311 | 318 |
| Working capital fund (gross) | BA | 267 | 291 | 300 | 300 | 304 | 311 | 318 |
| | O | 263 | 291 | 300 | 300 | 304 | 311 | 318 |
| Total, offsetting collections | | -267 | -291 | -300 | -300 | -304 | -311 | -318 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | -4 | | | | | | |
| Total Federal funds Executive Operations | BA | 87 | 40 | 124 | 124 | 125 | 129 | 131 |
| | O | 43 | 71 | 112 | 124 | 125 | 128 | 130 |

Departmental Administration

Federal funds

General and Special Funds:

Departmental administration:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 352 BA | 32 | 35 | 41 | 41 | 41 | 43 | 43 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 13 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 47 | 46 | 53 | 55 | 55 | 57 | 58 |
| Departmental administration (gross) | BA | 36 | 48 | 55 | 55 | 55 | 58 | 58 |
| | O | 47 | 46 | 53 | 55 | 55 | 57 | 58 |
| Change in receivables and unpaid, unfilled orders | BA | 8 | 32 | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 9 | -32 | | | | | |
| Total, offsetting collections | | -21 | -13 | -14 | -14 | -14 | -15 | -15 |
| Total Departmental administration (net) | BA | 32 | 35 | 41 | 41 | 41 | 43 | 43 |
| | O | 26 | 33 | 39 | 41 | 41 | 42 | 43 |

Hazardous materials management:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 304 BA | 16 | 16 | 30 | 30 | 30 | 31 | 32 |
| Spending authority from offsetting collections, discretionary | BA | 1 | | | | | | |
| Outlays | O | 19 | 15 | 30 | 31 | 31 | 32 | 33 |
| Hazardous materials management (gross) | BA | 17 | 16 | 30 | 30 | 30 | 31 | 32 |
| | O | 19 | 15 | 30 | 31 | 31 | 32 | 33 |
| Total, offsetting collections | | -1 | | | | | | |
| Total Hazardous materials management (net) | BA | 16 | 16 | 30 | 30 | 30 | 31 | 32 |
| | O | 18 | 15 | 30 | 31 | 31 | 32 | 33 |

Agriculture buildings and facilities and rental payments:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 352 BA | 137 | 140 | 183 | 183 | 185 | 190 | 194 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 10 | 1 | 1 | 1 | 1 | 1 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 29 | 29 | 35 | 35 | 36 | 36 | 37 |
| Office of the General Counsel (gross) | BA | 30 | 31 | 35 | 35 | 35 | 36 | 37 |
| | O | 29 | 29 | 35 | 35 | 36 | 36 | 37 |
| Total, offsetting collections | | -1 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Office of the General Counsel (net) | BA | 29 | 29 | 33 | 33 | 33 | 34 | 35 |
| | O | 28 | 27 | 33 | 33 | 34 | 34 | 35 |

Economic Research Service

Federal funds

General and Special Funds:

Economic research service:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 352 BA | 63 | 64 | 55 | 55 | 56 | 57 | 58 |
| Spending authority from offsetting collections, discretionary | BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 61 | 60 | 60 | 59 | 59 | 61 | 63 |
| Economic research service (gross) | BA | 66 | 68 | 59 | 59 | 60 | 61 | 62 |
| | O | 61 | 60 | 60 | 59 | 59 | 61 | 63 |
| Total, offsetting collections | | -3 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Economic research service (net) | BA | 63 | 64 | 55 | 55 | 56 | 57 | 58 |
| | O | 58 | 56 | 56 | 55 | 55 | 57 | 59 |

National Agricultural Statistics Service

Federal funds

General and Special Funds:

National agricultural statistics service:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 352 BA | 104 | 99 | 101 | 101 | 102 | 105 | 107 |
| Spending authority from offsetting collections, discretionary | BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 115 | 110 | 111 | 111 | 112 | 114 | 117 |
| National agricultural statistics service (gross) | BA | 114 | 109 | 111 | 111 | 112 | 115 | 118 |
| | O | 115 | 110 | 111 | 111 | 112 | 114 | 117 |
| Total, offsetting collections | | -10 | -10 | -10 | -10 | -10 | -10 | -10 |
| Total National agricultural statistics service (net) | BA | 104 | 99 | 101 | 101 | 102 | 105 | 108 |
| | O | 105 | 100 | 101 | 101 | 102 | 104 | 107 |

Agricultural Research Service

Federal funds

General and Special Funds:

Agricultural Research Service:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-------|
| Appropriation, discretionary | 352 BA | 794 | 830 | 894 | 894 | 905 | 927 | 947 |
| Spending authority from offsetting collections, discretionary | BA | 48 | 60 | 60 | 60 | 61 | 62 | 64 |
| Outlays | O | 809 | 884 | 941 | 954 | 964 | 985 | 1,007 |
| Agricultural Research Service (gross) | BA | 842 | 890 | 954 | 954 | 966 | 989 | 1,011 |
| | O | 809 | 884 | 941 | 954 | 964 | 985 | 1,007 |
| Total, offsetting collections | | -48 | -60 | -60 | -60 | -61 | -62 | -64 |
| Total Agricultural Research Service (net) | BA | 794 | 830 | 894 | 894 | 905 | 927 | 947 |
| | O | 761 | 824 | 881 | 894 | 903 | 923 | 943 |

Buildings and facilities:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 352 BA | 56 | 53 | 39 | 39 | 39 | 40 | 41 |
| Outlays | O | 68 | 65 | 65 | 36 | 40 | 40 | 40 |

Trust funds

Miscellaneous contributed funds:

| | | | | | | | | |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory | 352 BA | 22 | 23 | 23 | 23 | 23 | 23 | 23 |
|--------------------------------|--------|----|----|----|----|----|----|----|

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 18 | 23 | 23 | 23 | 23 | 23 | 23 |
| Total Federal funds Agricultural Research Service | BA | 850 | 883 | 933 | 933 | 944 | 967 | 988 |
| | O | 829 | 889 | 946 | 930 | 943 | 963 | 983 |
| Total Trust funds Agricultural Research Service | BA | 22 | 23 | 23 | 23 | 23 | 23 | 23 |
| | O | 18 | 23 | 23 | 23 | 23 | 23 | 23 |

Cooperative State Research, Education, and Extension Service

Federal funds

General and Special Funds:

Integrated activities:

| | | | | | | | |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 352 BA | 40 | 76 | 76 | 77 | 79 | 81 |
| Outlays | O | 2 | 18 | 45 | 67 | 77 | 78 |

Initiative for future agriculture and food systems:

| | | | | | | | |
|--|--------|------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation, discretionary | 352 BA | | -120 | -120 | -120 | -120 | -120 |
| Appropriation, mandatory | BA | 120 | 240 | 120 | 120 | 120 | 120 |
| Outlays | O | 6 | 48 | 84 | 72 | 30 | |
| Total Initiative for future agriculture and food systems | BA | 120 | 120 | | | | |
| | O | 6 | 48 | 84 | 72 | 30 | |

Research and education activities:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 352 BA | 486 | 487 | 469 | 469 | 475 | 486 | 497 |
| Spending authority from offsetting collections, discretionary | BA | 17 | 16 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | 446 | 486 | 496 | 452 | 477 | 496 | 505 |
| Research and education activities (gross) | BA | 503 | 503 | 485 | 485 | 491 | 503 | 514 |
| | O | 446 | 486 | 496 | 452 | 477 | 496 | 505 |
| Total, offsetting collections | | -17 | -16 | -16 | -16 | -16 | -17 | -17 |
| Total Research and education activities (net) | BA | 486 | 487 | 469 | 469 | 475 | 486 | 497 |
| | O | 429 | 470 | 480 | 436 | 461 | 479 | 488 |

Buildings and facilities:

| | | | | | | | | |
|---------------|-------|----|----|----|----|--|--|--|
| Outlays | 352 O | 41 | 25 | 33 | 12 | | | |
|---------------|-------|----|----|----|----|--|--|--|

Extension activities:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 352 BA | 437 | 424 | 428 | 428 | 433 | 444 | 454 |
| Spending authority from offsetting collections, discretionary | BA | 18 | 25 | 25 | 25 | 25 | 26 | 26 |
| Outlays | O | 425 | 476 | 445 | 446 | 453 | 465 | 476 |
| Extension activities (gross) | BA | 455 | 449 | 453 | 453 | 458 | 470 | 480 |
| | O | 425 | 476 | 445 | 446 | 453 | 465 | 476 |

| | | | | | | | | |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections | | -18 | -25 | -25 | -25 | -25 | -26 | -26 |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Extension activities (net) | BA | 437 | 424 | 428 | 428 | 433 | 444 | 454 |
| | O | 407 | 451 | 420 | 421 | 428 | 439 | 450 |

| | | | | | | | | |
|--|----|------------|--------------|--------------|------------|------------|--------------|--------------|
| Total Federal funds Cooperative State Research, Education, and Extension Service | BA | 923 | 1,071 | 1,093 | 973 | 985 | 1,009 | 1,032 |
| | O | 877 | 954 | 999 | 998 | 1,028 | 1,025 | 1,016 |

Animal and Plant Health Inspection Service

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 352 BA | 425 | 438 | 512 | 512 | 425 | 425 | 425 |
| | | | | J-11 | J-11 | J-11 | J-11 | J-11 |
| Appropriation, mandatory | BA | 72 | 88 | 115 | 117 | 287 | 223 | 225 |
| Spending authority from offsetting collections, discretionary | BA | 60 | 60 | 60 | 60 | 61 | 62 | 64 |
| Outlays | O | 649 | 697 | 683 | 689 | 762 | 710 | 714 |
| | | | | J 11 | J 11 | J 11 | J 11 | J 11 |
| Salaries and expenses (gross) | BA | 557 | 586 | 687 | 689 | 773 | 710 | 715 |
| | O | 649 | 697 | 683 | 689 | 763 | 711 | 715 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -60 | -60 | -60 | -60 | -61 | -62 | -64 |
| | | | | ✓-11 | ✓-11 | ✓-11 | ✓-11 | ✓-12 |
| Total Salaries and expenses (net) | BA | 497 | 526 | 616 | 618 | 701 | 637 | 639 |
| | O | 589 | 637 | 612 | 618 | 691 | 638 | 639 |
| Buildings and facilities: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 8 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 10 | 8 | 9 | 5 | 5 | 5 | 5 |
| <i>Trust funds</i> | | | | | | | | |
| Miscellaneous trust funds: | | | | | | | | |
| Appropriation, mandatory | 352 BA | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Outlays | O | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Total Federal funds Animal and Plant Health Inspection Service | BA | 505 | 531 | 621 | 623 | 706 | 642 | 644 |
| | O | 599 | 645 | 621 | 623 | 696 | 643 | 644 |
| Total Trust funds Animal and Plant Health Inspection Service | BA | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| | O | 13 | 13 | 13 | 13 | 13 | 13 | 13 |

Food Safety and Inspection Service

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|-----|-----|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 554 BA | 617 | 649 | 688 | 688 | 688 | 688 | 688 |
| | | | | ✓-534 | ✓-641 | ✓-649 | ✓-665 | ✓-679 |
| Spending authority from offsetting collections, discretionary | BA | 95 | 99 | 80 | 80 | 81 | 83 | 85 |
| | | | | ✓534 | ✓534 | ✓534 | ✓534 | ✓534 |
| Outlays | O | 695 | 748 | 768 | 768 | 769 | 771 | 773 |
| | | | | ✓-102 | ✓-115 | ✓-130 | ✓-145 | |
| Salaries and expenses (gross) | BA | 712 | 748 | 768 | 661 | 654 | 640 | 628 |
| | O | 695 | 748 | 768 | 666 | 654 | 641 | 628 |
| Total, offsetting collections | | -95 | -99 | -80 | -80 | -81 | -83 | -85 |
| | | | | ✓-534 | ✓-534 | ✓-534 | ✓-534 | ✓-534 |
| Total Salaries and expenses (net) | BA | 617 | 649 | 154 | 47 | 39 | 23 | 9 |
| | O | 600 | 649 | 154 | 52 | 39 | 24 | 9 |

Trust funds

Expenses and refunds, inspection and grading of farm products:

| | | | | | | | | |
|--------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, mandatory | 352 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Grain Inspection, Packers and Stockyards Administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|----|----|------|------|------|------|------|
| Appropriation, discretionary | 352 BA | 27 | 26 | 34 | 34 | 34 | 34 | 34 |
| | | | | ✓-19 | ✓-23 | ✓-23 | ✓-23 | ✓-23 |
| Spending authority from offsetting collections, discretionary | BA | | | ✓23 | ✓23 | ✓23 | ✓23 | ✓23 |
| Outlays | O | 26 | 26 | 33 | 34 | 34 | 34 | 34 |
| | | | | ✓4 | | | | |
| Salaries and expenses (gross) | BA | 27 | 26 | 38 | 34 | 34 | 34 | 34 |
| | O | 26 | 26 | 37 | 34 | 34 | 34 | 34 |
| Total, offsetting collections | | | | ✓-23 | ✓-23 | ✓-23 | ✓-23 | ✓-23 |
| Total Salaries and expenses (net) | BA | 27 | 26 | 15 | 11 | 11 | 11 | 11 |
| | O | 26 | 26 | 14 | 11 | 11 | 11 | 11 |

Public Enterprise Funds:

Inspection and weighing services:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory | 352 BA | 37 | 43 | 43 | 43 | 43 | 43 | 43 |
|---|--------|----|----|----|----|----|----|----|

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 35 | 43 | 43 | 43 | 43 | 43 | 43 |
| Inspection and weighing services (gross) | BA | 37 | 43 | 43 | 43 | 43 | 43 | 43 |
| | O | 35 | 43 | 43 | 43 | 43 | 43 | 43 |
| Total, offsetting collections | | -37 | -43 | -43 | -43 | -43 | -43 | -43 |
| Total Inspection and weighing services (net) | BA | | | | | | | |
| | O | -2 | | | | | | |
| Total Federal funds Grain Inspection, Packers and Stockyards Administration | BA | 27 | 26 | 15 | 11 | 11 | 11 | 11 |
| | O | 24 | 26 | 14 | 11 | 11 | 11 | 11 |

Agricultural Marketing Service

Federal funds

General and Special Funds:

Marketing services:

| | | | | | | | | | |
|---|-----|----|------|------|------|------|------|------|------|
| Appropriation, discretionary | 352 | BA | 49 | 52 | 67 | 67 | 68 | 69 | 71 |
| Spending authority from offsetting collections, discretionary | | BA | 45 | 64 | 64 | 64 | 65 | 66 | 68 |
| Outlays | | O | 86 | 110 | 129 | 131 | 133 | 135 | 139 |
| Limitation on administrative level | | | (61) | (61) | (61) | (61) | (62) | (63) | (65) |
| Marketing services (gross) | | BA | 94 | 116 | 131 | 131 | 133 | 135 | 139 |
| | | O | 86 | 110 | 129 | 131 | 133 | 135 | 139 |
| Total, offsetting collections | | | -45 | -64 | -64 | -64 | -65 | -66 | -68 |
| Total Marketing services (net) | | BA | 49 | 52 | 67 | 67 | 68 | 69 | 71 |
| | | O | 41 | 46 | 65 | 67 | 68 | 69 | 71 |

Payments to States and possessions:

| | | | | | | | | | |
|------------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, discretionary | 352 | BA | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Outlays | | O | 1 | | 2 | 2 | 2 | 2 | 3 |

Perishable Agricultural Commodities Act fund:

| | | | | | | | | | |
|--------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, mandatory | 352 | BA | 8 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | | O | 9 | 8 | 8 | 7 | 7 | 7 | 7 |

Funds for strengthening markets, income, and supply (section 32):

| | | | | | | | | | |
|--|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 605 | BA | -8 | | | | | | |
| Appropriation, mandatory | | BA | 733 | 730 | 538 | 538 | 538 | 538 | 538 |
| Spending authority from offsetting collections, mandatory | | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | | O | 833 | 536 | 538 | 538 | 538 | 538 | 538 |
| Funds for strengthening markets, income, and supply (section 32) (gross) | | BA | 726 | 731 | 539 | 539 | 539 | 539 | 539 |
| | | O | 833 | 536 | 538 | 538 | 538 | 538 | 538 |
| Total, offsetting collections | | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Funds for strengthening markets, income, and supply (section 32) (net) | | BA | 725 | 730 | 538 | 538 | 538 | 538 | 538 |
| | | O | 832 | 535 | 537 | 537 | 537 | 537 | 537 |

Trust funds

Expenses and refunds, inspection and grading of farm products:

| | | | | | | | | | |
|--------------------------------|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory | 352 | BA | 116 | 110 | 110 | 110 | 110 | 110 | 110 |
| Outlays | | O | 105 | 110 | 110 | 110 | 110 | 110 | 110 |

Milk market orders assessment fund:

| | | | | | | | | | |
|---|-----|----|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory | 351 | BA | 36 | 41 | 42 | 42 | 42 | 42 | 42 |
| Outlays | | O | 62 | 41 | 42 | 42 | 42 | 42 | 42 |

| | | | | | | | | | |
|--|--|----|----|----|----|----|----|----|----|
| Milk market orders assessment fund (gross) | | BA | 36 | 41 | 42 | 42 | 42 | 42 | 42 |
| | | O | 62 | 41 | 42 | 42 | 42 | 42 | 42 |

| | | | | | | | | | |
|-------------------------------------|--|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections | | | -36 | -41 | -42 | -42 | -42 | -42 | -42 |
|-------------------------------------|--|--|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | | |
|--|--|----|----|--|--|--|--|--|--|
| Total Milk market orders assessment fund (net) | | BA | | | | | | | |
| | | O | 26 | | | | | | |

| | | | | | | | | | |
|--|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Agricultural Marketing Service | | BA | 783 | 790 | 614 | 614 | 615 | 616 | 618 |
| | | O | 883 | 589 | 612 | 613 | 614 | 615 | 618 |

| | | | | | | | | | |
|--|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Trust funds Agricultural Marketing Service | | BA | 116 | 110 | 110 | 110 | 110 | 110 | 110 |
| | | O | 131 | 110 | 110 | 110 | 110 | 110 | 110 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|----------------|----------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Risk Management Agency | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Administrative and operating expenses: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 64 | 64 | 68 | 68 | 69 | 71 | 72 |
| Outlays | O | 54 | 64 | 67 | 68 | 69 | 70 | 72 |
| Public Enterprise Funds: | | | | | | | | |
| Federal crop insurance corporation fund: | | | | | | | | |
| Appropriation, mandatory | 351 BA | 1,550 | 711 | 1,728 | 1,902 | 1,992 | 2,058 | 2,107 |
| | | | | <i>B 910</i> | <i>B 155</i> | | | |
| Spending authority from offsetting collections, mandatory | BA | 622 | 842 | 1,244 | 1,282 | 1,344 | 1,396 | 1,424 |
| | | | | <i>B 69</i> | | | | |
| Outlays | O | 2,299 | 2,778 | 3,228 | 3,133 | 3,330 | 3,460 | 3,546 |
| | | | | <i>B 614</i> | <i>B 520</i> | | | |
| Federal crop insurance corporation fund (gross) | BA | 2,172 | 1,553 | 3,951 | 3,339 | 3,336 | 3,454 | 3,531 |
| | O | 2,299 | 2,778 | 3,842 | 3,653 | 3,330 | 3,460 | 3,546 |
| Total, offsetting collections | | -622 | -842 | -1,244 | -1,282 | -1,344 | -1,396 | -1,424 |
| | | | | <i>B -69</i> | | | | |
| Total Federal crop insurance corporation fund (net) | BA | 1,550 | 711 | 2,638 | 2,057 | 1,992 | 2,058 | 2,107 |
| | O | 1,677 | 1,936 | 2,529 | 2,371 | 1,986 | 2,064 | 2,122 |
| Total Federal funds Risk Management Agency | BA | 1,614 | 775 | 2,706 | 2,125 | 2,061 | 2,129 | 2,179 |
| | O | 1,731 | 2,000 | 2,596 | 2,439 | 2,055 | 2,134 | 2,194 |
| Farm Service Agency | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 797 | 795 | 828 | 828 | 838 | 859 | 878 |
| Spending authority from offsetting collections, discretionary | BA | 304 | 355 | 352 | 352 | 356 | 365 | 373 |
| Outlays | O | 1,072 | 1,085 | 1,177 | 1,180 | 1,193 | 1,222 | 1,248 |
| Salaries and expenses (gross) | BA | 1,101 | 1,150 | 1,180 | 1,180 | 1,194 | 1,224 | 1,251 |
| | O | 1,072 | 1,085 | 1,177 | 1,180 | 1,193 | 1,222 | 1,248 |
| Total, offsetting collections | | -304 | -355 | -352 | -352 | -356 | -365 | -373 |
| Total Salaries and expenses (net) | BA | 797 | 795 | 828 | 828 | 838 | 859 | 878 |
| | O | 768 | 730 | 825 | 828 | 837 | 857 | 875 |
| State mediation grants: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 2 | 3 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 2 | 1 | 3 | 4 | 4 | 4 | 4 |
| Tree assistance program: | | | | | | | | |
| Reappropriation, discretionary | 351 BA | 3 | | | | | | |
| Outlays | O | 7 | 6 | 2 | | | | |
| Conservation reserve program: | | | | | | | | |
| Outlays | 302 O | 52 | 21 | | | | | |
| Agricultural conservation program: | | | | | | | | |
| Outlays | 302 O | 11 | 8 | 8 | 7 | 4 | 3 | 2 |
| Emergency conservation program: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 28 | 50 | | | | | |
| Outlays | O | 40 | 68 | 41 | 39 | | | |
| Public Enterprise Funds: | | | | | | | | |
| Commodity credit corporation fund | | | | | | | | |
| (Conservation and land management): | | | | | | | | |
| (Appropriation, discretionary) | 302 BA | | -28 | | | | | |
| | | | | <i>J -50</i> | | | | |
| (Authority to borrow, mandatory) | BA | 1,775 | 1,926 | 1,990 | 2,099 | 2,066 | 2,118 | 2,093 |
| | | | | <i>B 1,128</i> | <i>B 1,189</i> | <i>B 652</i> | <i>B 687</i> | <i>B 733</i> |
| (Outlays) | O | 1,756 | 1,955 | 1,996 | 2,086 | 2,035 | 2,089 | 2,078 |
| | | | | <i>B 776</i> | <i>B 960</i> | <i>B 535</i> | <i>B 597</i> | <i>B 657</i> |
| | | | | <i>J -4</i> | <i>J -14</i> | <i>J -11</i> | <i>J -7</i> | <i>J -3</i> |
| Total (Conservation and land management) | BA | 1,775 | 1,898 | 3,068 | 3,288 | 2,718 | 2,805 | 2,826 |
| | O | 1,756 | 1,955 | 2,768 | 3,032 | 2,559 | 2,679 | 2,732 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|----------------|----------------|---------|---------|---------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Farm income stabilization): | | | | | | | | |
| (Authority to borrow, mandatory) | 351 BA | 18,713 | 25,819 | 12,887 | 8,538 | 7,348 | 6,019 | 5,040 |
| | | | <i>B</i> 710 | <i>B</i> 2,789 | <i>B</i> 2,770 | | | |
| (Spending authority from offsetting collections, mandatory) | BA | 9,843 | 10,841 | 12,494 | 10,933 | 9,683 | 9,708 | 10,944 |
| (Outlays) | O | 27,426 | 36,058 | 25,834 | 19,894 | 18,271 | 16,081 | 16,324 |
| | | | <i>B</i> 710 | <i>B</i> 2,839 | <i>B</i> 2,770 | | | |
| Commodity credit corporation fund (gross) | BA | 30,331 | 39,268 | 31,238 | 25,529 | 19,749 | 18,532 | 18,810 |
| | O | 29,182 | 38,723 | 31,441 | 25,696 | 20,830 | 18,760 | 19,056 |
| Total, offsetting collections | | -9,882 | -10,802 | -12,466 | -10,933 | -9,683 | -9,708 | -10,944 |
| Total (Farm income stabilization) (net) | BA | 18,674 | 26,568 | 15,704 | 11,308 | 7,348 | 6,019 | 5,040 |
| | O | 17,544 | 25,966 | 16,207 | 11,731 | 8,588 | 6,373 | 5,380 |
| Total Commodity credit corporation fund | BA | 20,449 | 28,466 | 18,772 | 14,596 | 10,066 | 8,824 | 7,866 |
| | O | 19,300 | 27,921 | 18,975 | 14,763 | 11,147 | 9,052 | 8,112 |
| Credit Accounts: | | | | | | | | |
| Agricultural credit insurance fund program account: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 451 | 486 | 455 | 455 | 460 | 472 | 482 |
| Appropriation, mandatory | BA | 726 | | | | | | |
| Outlays | O | 433 | 1,194 | 479 | 468 | 480 | 480 | 490 |
| Limitation on direct loan activity | | (1,336) | (1,723) | (1,080) | (1,080) | (1,093) | (1,120) | (1,145) |
| Limitation on loan guarantee commitments | | (2,551) | (3,903) | (3,478) | (3,478) | (3,520) | (3,607) | (3,686) |
| Total Agricultural credit insurance fund program account | BA | 451 | 1,212 | 455 | 455 | 460 | 472 | 482 |
| | O | 433 | 1,194 | 479 | 468 | 480 | 480 | 490 |
| Agricultural credit insurance fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 351 BA | 18 | 29 | 27 | 26 | 26 | 23 | 23 |
| Outlays | O | 30 | 29 | 27 | 26 | 26 | 23 | 23 |
| Agricultural credit insurance fund liquidating account (gross) | BA | 18 | 29 | 27 | 26 | 26 | 23 | 23 |
| | O | 30 | 29 | 27 | 26 | 26 | 23 | 23 |
| Total, offsetting collections | | -1,060 | -1,130 | -1,135 | -1,114 | -1,093 | -1,068 | -1,042 |
| Total Agricultural credit insurance fund liquidating account (net) | BA | -1,042 | -1,101 | -1,108 | -1,088 | -1,067 | -1,045 | -1,019 |
| | O | -1,030 | -1,101 | -1,108 | -1,088 | -1,067 | -1,045 | -1,019 |
| Commodity Credit Corporation export loans program account: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Appropriation, mandatory | BA | 322 | 734 | 323 | 323 | 323 | 323 | 323 |
| Spending authority from offsetting collections, mandatory | BA | 779 | | | | | | |
| Outlays | O | 157 | 834 | 327 | 327 | 328 | 328 | 328 |
| Commodity Credit Corporation export loans program account (gross) | BA | 326 | 1,517 | 327 | 327 | 327 | 327 | 327 |
| | O | 157 | 834 | 327 | 327 | 328 | 328 | 328 |
| Total, offsetting collections | | | -779 | | | | | |
| Total Commodity Credit Corporation export loans program account (net) | BA | 326 | 738 | 327 | 327 | 327 | 327 | 327 |
| | O | 157 | 55 | 327 | 327 | 328 | 328 | 328 |
| Commodity credit corporation guaranteed loans liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 351 BA | 234 | 316 | 328 | 315 | 358 | 348 | 367 |
| Commodity credit corporation guaranteed loans liquidating account (gross) | BA | 234 | 316 | 328 | 315 | 358 | 348 | 367 |
| Total, offsetting collections | | -234 | -316 | -328 | -315 | -358 | -348 | -367 |
| Total Commodity credit corporation guaranteed loans liquidating account (net) | BA | | | | | | | |
| | O | -234 | -316 | -328 | -315 | -358 | -348 | -367 |
| Farm storage facility loans program account: | | | | | | | | |
| Appropriation, mandatory | 351 BA | | 10 | 4 | | | | |
| Outlays | O | | 10 | 4 | | | | |
| Total Federal funds Farm Service Agency | BA | 21,014 | 30,173 | 19,282 | 15,122 | 10,628 | 9,441 | 8,538 |
| | O | 19,506 | 28,597 | 19,228 | 15,033 | 11,375 | 9,331 | 8,425 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Natural Resources Conservation Service | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Conservation operations: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 641 | 661 | 747 | 747 | 756 | 775 | 792 |
| Spending authority from offsetting collections, discretionary | BA | 156 | 156 | 278 | 278 | 281 | 288 | 295 |
| Outlays | O | 813 | 842 | 1,016 | 1,029 | 1,039 | 1,061 | 1,085 |
| Conservation operations (gross) | BA | 797 | 817 | 1,025 | 1,025 | 1,037 | 1,063 | 1,087 |
| | O | 813 | 842 | 1,016 | 1,029 | 1,039 | 1,061 | 1,085 |
| Total, offsetting collections | | -156 | -156 | -278 | -278 | -281 | -288 | -295 |
| Total Conservation operations (net) | BA | 641 | 661 | 747 | 747 | 756 | 775 | 792 |
| | O | 657 | 686 | 738 | 751 | 758 | 773 | 790 |
| Watershed surveys and planning: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 11 | 11 | 11 | 12 | 12 | 12 | 12 |
| Watershed surveys and planning (gross) | BA | 10 | 11 | 11 | 11 | 11 | 11 | 12 |
| | O | 11 | 11 | 11 | 12 | 12 | 12 | 12 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Watershed surveys and planning (net) | BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| | O | 11 | 10 | 10 | 11 | 11 | 11 | 11 |
| Watershed and flood prevention operations: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 194 | 171 | 83 | 83 | 84 | 86 | 88 |
| Spending authority from offsetting collections, discretionary | BA | 19 | 25 | 25 | 25 | 25 | 26 | 26 |
| Outlays | O | 227 | 274 | 222 | 153 | 139 | 112 | 113 |
| Watershed and flood prevention operations (gross) | BA | 213 | 196 | 108 | 108 | 109 | 112 | 114 |
| | O | 227 | 274 | 222 | 153 | 139 | 112 | 113 |
| Total, offsetting collections | | -19 | -25 | -25 | -25 | -25 | -26 | -26 |
| Total Watershed and flood prevention operations (net) | BA | 194 | 171 | 83 | 83 | 84 | 86 | 88 |
| | O | 208 | 249 | 197 | 128 | 114 | 86 | 87 |
| Resource conservation and development: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 35 | 35 | 36 | 36 | 36 | 37 | 38 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 37 | 34 | 36 | 39 | 38 | 40 | 44 |
| Resource conservation and development (gross) | BA | 36 | 36 | 37 | 37 | 37 | 38 | 39 |
| | O | 37 | 34 | 36 | 39 | 38 | 40 | 44 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Resource conservation and development (net) | BA | 35 | 35 | 36 | 36 | 36 | 37 | 38 |
| | O | 36 | 33 | 35 | 38 | 37 | 39 | 43 |
| Great plains conservation program: | | | | | | | | |
| Outlays | 302 O | 2 | 3 | 3 | 2 | 1 | | |
| Forestry incentives program: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 16 | 5 | | | | | |
| Outlays | O | 6 | 11 | 9 | 5 | 1 | 1 | |
| Water bank program: | | | | | | | | |
| Outlays | 302 O | 6 | 6 | 6 | 4 | | | |
| Colorado river basin salinity control program: | | | | | | | | |
| Outlays | 304 O | 1 | 1 | 1 | | | | |
| Wetlands reserve program: | | | | | | | | |
| Outlays | 302 O | 14 | 9 | 8 | | | | |
| Wildlife habitat incentive program: | | | | | | | | |
| Outlays | 302 O | 11 | 9 | 7 | 4 | 3 | 2 | 2 |
| <i>Trust funds</i> | | | | | | | | |
| Miscellaneous contributed funds: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 4 | | | | | | |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 2 | 4 | 4 | | | | |
| Total Federal funds Natural Resources Conservation Service | BA | 896 | 882 | 876 | 876 | 886 | 908 | 929 |
| | O | 952 | 1,017 | 1,014 | 943 | 925 | 912 | 933 |
| Total Trust funds Natural Resources Conservation Service | BA | 4 | | | | | | |
| | O | 2 | 4 | 4 | | | | |

Rural Development

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 452 BA | 120 | 120 | 130 | 130 | 132 | 135 | 138 |
| Spending authority from offsetting collections, discretionary | BA | 470 | 483 | 469 | 469 | 475 | 486 | 497 |
| Outlays | O | 580 | 605 | 599 | 593 | 606 | 619 | 632 |
| Salaries and expenses (gross) | BA | 590 | 603 | 599 | 599 | 607 | 621 | 635 |
| | O | 580 | 605 | 599 | 593 | 606 | 619 | 632 |
| Total, offsetting collections | | -470 | -483 | -469 | -469 | -475 | -486 | -497 |
| Total Salaries and expenses (net) | BA | 120 | 120 | 130 | 130 | 132 | 135 | 138 |
| | O | 110 | 122 | 130 | 124 | 131 | 133 | 135 |

Credit Accounts:

Rural community advancement program:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 452 BA | 753 | 699 | 763 | 763 | 771 | 791 | 807 |
| Appropriation, mandatory | BA | 91 | | | | | | |
| Outlays | O | 680 | 714 | 658 | 695 | 744 | 806 | 819 |
| Limitation on direct loan activity | | (910) | (914) | (1,332) | (1,332) | (1,348) | (1,381) | (1,412) |
| Limitation on loan guarantee commitments | | (1,293) | (1,154) | (1,535) | (1,535) | (1,553) | (1,592) | (1,627) |
| Total Rural community advancement program | BA | 844 | 699 | 763 | 763 | 771 | 791 | 807 |
| | O | 680 | 714 | 658 | 695 | 744 | 806 | 819 |
| Total Federal funds Rural Development | BA | 964 | 819 | 893 | 893 | 903 | 926 | 945 |
| | O | 790 | 836 | 788 | 819 | 875 | 939 | 954 |

Rural Housing Service

Federal funds

General and Special Funds:

Salaries and expenses (Farmers Home Administration):

| | | | | | | | | |
|--------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Outlays | 452 O | 3 | | | | | | |
| Rural housing assistance grants: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 43 | 61 | 39 | 39 | 39 | 40 | 41 |
| Outlays | O | 57 | 66 | 53 | 47 | 42 | 41 | 41 |
| Rental assistance program: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 583 | 640 | 680 | 680 | 688 | 705 | 721 |
| Outlays | O | 555 | 597 | 631 | 662 | 686 | 719 | 740 |
| Mutual and self-help housing grants: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 26 | 28 | 40 | 40 | 40 | 41 | 42 |
| Outlays | O | 20 | 26 | 32 | 38 | 40 | 40 | 41 |

Credit Accounts:

Farm labor program account:

| | | | | | | | | |
|--|--------|--|--|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 604 BA | | | 36 | 36 | 36 | 38 | 38 |
| Outlays | O | | | 7 | 21 | 32 | 34 | 36 |
| Limitation on loan guarantee commitments | | | | (30) | (30) | (30) | (31) | (32) |

Rural housing insurance fund program account:

| | | | | | | | | |
|--|--------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation, discretionary | 371 BA | 559 | 568 | 741 | 741 | 751 | 769 | 786 |
| Appropriation, mandatory | BA | 238 | | J-40 | J-40 | J-40 | J-41 | J-42 |
| Outlays | O | 803 | 592 | 719 | 731 | 745 | 758 | 773 |
| Limitation on direct loan activity | | (1,169) | (1,371) | (1,485) | (1,485) | (1,503) | (1,540) | (1,574) |
| Limitation on loan guarantee commitments | | (3,075) | (3,300) | (3,900) | (3,900) | (3,947) | (4,045) | (4,133) |
| Total Rural housing insurance fund program account | BA | 797 | 568 | 701 | 701 | 711 | 728 | 744 |
| | O | 803 | 592 | 679 | 691 | 705 | 717 | 731 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Rural housing insurance fund liquidating account: | | | | | | | | |
| Appropriation, mandatory | 371 BA | 976 | 200 | | | | | 317 |
| Spending authority from offsetting collections, mandatory | BA | 471 | 553 | 530 | 524 | 510 | | |
| Outlays | O | 1,068 | 771 | 587 | 529 | 524 | 518 | 430 |
| Rural housing insurance fund liquidating account (gross) | BA | 976 | 671 | 553 | 530 | 524 | 510 | 317 |
| | O | 1,068 | 771 | 587 | 529 | 524 | 518 | 430 |
| Total, offsetting collections | | -2,172 | -2,056 | -1,927 | -1,788 | -1,661 | -1,541 | -1,430 |
| Total Rural housing insurance fund liquidating account (net) | BA | -1,196 | -1,385 | -1,374 | -1,258 | -1,137 | -1,031 | -1,113 |
| | O | -1,104 | -1,285 | -1,340 | -1,259 | -1,137 | -1,023 | -1,000 |
| Total Federal funds Rural Housing Service | BA | 253 | -88 | 122 | 238 | 377 | 521 | 473 |
| | O | 334 | -4 | 62 | 200 | 368 | 528 | 589 |

Rural Business — Cooperative Service

Federal funds

General and Special Funds:

| | | | | | | | |
|--|--------|----|----|------|------|------|------|
| Rural empowerment zones/enterprise community grants: | | | | | | | |
| Appropriation, discretionary | 452 BA | 15 | 15 | | | | |
| Appropriation, mandatory | BA | | | B 15 | B 15 | B 15 | B 15 |
| Outlays | O | | 6 | 12 | 9 | 2 | 1 |
| | | | | | B 5 | B 12 | B 15 |
| Total Rural empowerment zones/enterprise community grants | BA | 15 | 15 | 15 | 15 | 15 | 15 |
| | O | | 6 | 12 | 14 | 14 | 16 |
| Salaries and expenses (Rural Development Administration): | | | | | | | |
| Outlays | 452 O | | 1 | | | | |
| Rural cooperative development grants: | | | | | | | |
| Appropriation, discretionary | 452 BA | 3 | 6 | 12 | 12 | 12 | 12 |
| Outlays | O | 3 | 6 | 7 | 11 | 12 | 12 |
| Rural economic development grants: | | | | | | | |
| Spending authority from offsetting collections, mandatory | 452 BA | 2 | 3 | 3 | 5 | 3 | 3 |
| Outlays | O | 12 | 9 | 7 | 5 | 3 | 3 |
| Rural economic development grants (gross) | BA | 2 | 3 | 3 | 5 | 3 | 3 |
| | O | 12 | 9 | 7 | 5 | 3 | 3 |
| Total, offsetting collections | | -2 | -3 | -3 | -3 | -3 | -3 |
| Total Rural economic development grants (net) | BA | | | | 2 | | |
| | O | 10 | 6 | 4 | 2 | | |
| National sheep industry improvement center: | | | | | | | |
| Appropriation, discretionary | 452 BA | | | 5 | 5 | 5 | 5 |
| Outlays | O | | 10 | 5 | 5 | 5 | 5 |
| Public Enterprise Funds: | | | | | | | |
| Alternative agricultural research and commercialization corporation revolving fund: | | | | | | | |
| Appropriation, discretionary | 352 BA | 4 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | | | | | |
| Outlays | O | 5 | 3 | | | | |
| Alternative agricultural research and commercialization corporation revolving fund (gross) | BA | 5 | | | | | |
| | O | 5 | 3 | | | | |
| Total, offsetting collections | | -1 | | | | | |
| Total Alternative agricultural research and commercialization corporation revolving fund (net) | BA | 4 | | | | | |
| | O | 4 | 3 | | | | |
| Credit Accounts: | | | | | | | |
| Rural development loan fund program account: | | | | | | | |
| Appropriation, discretionary | 452 BA | 20 | 20 | 36 | 36 | 36 | 37 |
| Appropriation, mandatory | BA | 1 | | | | | |
| Outlays | O | 27 | 25 | 25 | 26 | 31 | 35 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Limitation on direct loan activity | | (33) | (38) | (64) | (64) | (65) | (66) | (68) |
| Total Rural development loan fund program account | BA | 21 | 20 | 36 | 36 | 36 | 37 | 38 |
| | O | 27 | 25 | 25 | 26 | 31 | 34 | 35 |
| Rural development loan fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 452 BA | 1 | | | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | | | | | |
| Rural development loan fund liquidating account (gross) | BA | 1 | | | 1 | 1 | 1 | 1 |
| | O | 1 | 1 | | | | | |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -3 | -3 |
| Total Rural development loan fund liquidating account (net) | BA | -3 | -4 | -4 | -3 | -3 | -2 | -2 |
| | O | -3 | -3 | -4 | -4 | -4 | -3 | -3 |
| Rural economic development loans program account: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 4 | 3 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 6 | 4 | 4 | 4 | 4 | 4 | 5 |
| Limitation on direct loan activity | | (15) | (15) | (15) | (15) | (15) | (16) | (16) |
| Rural economic development loans liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 271 BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Rural economic development loans liquidating account (gross) | BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Rural economic development loans liquidating account (net) | BA | -1 | | | | | | |
| | O | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Federal funds Rural Business — Cooperative Service | BA | 43 | 40 | 68 | 71 | 69 | 71 | 72 |
| | O | 45 | 56 | 51 | 56 | 60 | 65 | 68 |

Rural Utilities Service

Federal funds

Public Enterprise Funds:

| | | | | | | | | |
|--|--------|----------|----------|----------|----------|----------|----------|----------|
| Rural communication development fund liquidating account: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Spending authority from offsetting collections, mandatory | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| Rural communication development fund liquidating account (gross) | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Rural communication development fund liquidating account (net) | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | O | 2 | 2 | 2 | | | | |

Credit Accounts:

| | | | | | | | | |
|--|--------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Rural electrification and telecommunications loans program account: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 73 | 46 | 69 | 69 | 69 | 71 | 72 |
| Appropriation, mandatory | BA | 101 | | | | | | |
| Outlays | O | 183 | 88 | 74 | 70 | 66 | 68 | 68 |
| Limitation on direct loan activity | | (1,911) | (2,610) | (1,645) | (1,645) | (1,665) | (1,706) | (1,743) |
| Limitation on loan guarantee commitments | | (150) | (500) | (400) | (400) | (405) | (415) | (424) |
| Total Rural electrification and telecommunications loans program account | BA | 174 | 46 | 69 | 69 | 69 | 71 | 72 |
| | O | 183 | 88 | 74 | 70 | 66 | 68 | 68 |
| Rural electrification and telecommunications liquidating account: | | | | | | | | |
| Appropriation, discretionary | 271 BA | | | -4 | -4 | -4 | -4 | -4 |
| Appropriation, mandatory | BA | 22 | 22 | 24 | 23 | 22 | 20 | 19 |
| Authority to borrow, mandatory | BA | 505 | | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 1,041 | 1,567 | 1,204 | 1,162 | 1,267 | 1,106 | 1,066 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 2,143 | 1,516 | 1,370 | 1,198 | 1,233 | 1,187 | 1,097 |
| Rural electrification and telecommunications liquidating account (gross) | BA | 1,568 | 1,589 | 1,224 | 1,181 | 1,285 | 1,122 | 1,081 |
| | O | 2,143 | 1,516 | 1,370 | 1,198 | 1,233 | 1,187 | 1,097 |
| Change in receivables and unpaid, unfilled orders | BA | 1,008 | | | | | | |
| Total, offsetting collections | | -2,788 | -4,411 | -3,138 | -2,982 | -2,832 | -2,691 | -2,556 |
| Total Rural electrification and telecommunications liquidating account (net) | BA | -212 | -2,822 | -1,914 | -1,801 | -1,547 | -1,569 | -1,475 |
| | O | -645 | -2,895 | -1,768 | -1,784 | -1,599 | -1,504 | -1,459 |
| Rural telephone bank program account: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 7 | 6 | 6 | 6 | 6 | 6 | 6 |
| Appropriation, mandatory | BA | | 1 | | | | | |
| Outlays | O | 4 | 6 | 5 | 4 | 5 | 6 | 6 |
| Limitation on direct loan activity | | (158) | (175) | (175) | (175) | (177) | (181) | (185) |
| Total Rural telephone bank program account | BA | 7 | 7 | 6 | 6 | 6 | 6 | 6 |
| | O | 4 | 6 | 5 | 4 | 5 | 6 | 6 |
| Rural telephone bank liquidating account: | | | | | | | | |
| Appropriation, discretionary | 452 BA | | | -6 | -6 | -6 | -6 | -6 |
| Appropriation, mandatory | BA | -26 | -25 | -24 | -24 | -24 | -24 | -24 |
| Spending authority from offsetting collections, mandatory | BA | 155 | 151 | 206 | 220 | 217 | 213 | 210 |
| Outlays | O | 32 | 30 | 29 | 29 | 27 | 26 | 25 |
| Rural telephone bank liquidating account (gross) | BA | 129 | 126 | 176 | 190 | 187 | 183 | 180 |
| | O | 32 | 30 | 29 | 29 | 27 | 26 | 25 |
| Total, offsetting collections | | -318 | -233 | -226 | -220 | -217 | -213 | -210 |
| Total Rural telephone bank liquidating account (net) | BA | -189 | -107 | -50 | -30 | -30 | -30 | -30 |
| | O | -286 | -203 | -197 | -191 | -190 | -187 | -185 |
| Distance learning and telemedicine program: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 13 | 21 | 27 | 27 | 27 | 28 | 29 |
| Outlays | O | 9 | 15 | 18 | 20 | 23 | 27 | 27 |
| Limitation on direct loan activity | | (55) | (200) | (400) | (400) | (405) | (415) | (424) |
| Rural development insurance fund liquidating account: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 449 | 210 | 503 | 1,543 | 155 | 579 | -103 |
| Spending authority from offsetting collections, mandatory | BA | 201 | 378 | | 246 | 143 | 102 | 316 |
| Outlays | O | 627 | 580 | 329 | 390 | 154 | 108 | 26 |
| Rural development insurance fund liquidating account (gross) | BA | 650 | 588 | 503 | 1,789 | 298 | 681 | 213 |
| | O | 627 | 580 | 329 | 390 | 154 | 108 | 26 |
| Total, offsetting collections | | -541 | -483 | -439 | -406 | -373 | -343 | -316 |
| Total Rural development insurance fund liquidating account (net) | BA | 109 | 105 | 64 | 1,383 | -75 | 338 | -103 |
| | O | 86 | 97 | -110 | -16 | -219 | -235 | -290 |
| Total Federal funds Rural Utilities Service | BA | -96 | -2,748 | -1,796 | -344 | -1,548 | -1,154 | -1,499 |
| | O | -647 | -2,890 | -1,976 | -1,897 | -1,914 | -1,825 | -1,833 |

Foreign Agricultural Service

Federal funds

General and Special Funds:

| | | | | | | | | |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Foreign agricultural service and general sales manager: | | | | | | | | |
| Appropriation, discretionary | 352 BA | 147 | 109 | 114 | 114 | 115 | 118 | 121 |
| Spending authority from offsetting collections, discretionary | BA | 65 | 60 | 58 | 58 | 59 | 60 | 61 |
| Outlays | O | 194 | 164 | 171 | 172 | 175 | 178 | 182 |
| Foreign agricultural service and general sales manager (gross) | BA | 212 | 169 | 172 | 172 | 174 | 178 | 182 |
| | O | 194 | 164 | 171 | 172 | 175 | 178 | 182 |
| Total, offsetting collections | | -65 | -60 | -58 | -58 | -59 | -60 | -61 |
| Total Foreign agricultural service and general sales manager (net) | BA | 147 | 109 | 114 | 114 | 115 | 118 | 121 |
| | O | 129 | 104 | 113 | 114 | 116 | 118 | 121 |
| Scientific activities overseas (foreign currency program): | | | | | | | | |
| Outlays | 352 O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Public law 480 title I ocean freight differential grants: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 16 | 21 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 41 | 105 | 34 | 21 | 30 | 31 | 31 |
| P.L. 480 Grants — Titles II and III: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 1,011 | 800 | 837 | 837 | 847 | 868 | 887 |
| Outlays | O | 926 | 1,031 | 863 | 844 | 846 | 859 | 874 |
| Credit Accounts: | | | | | | | | |
| P.L. 480 program account: | | | | | | | | |
| Appropriation, discretionary | 351 BA | 178 | 122 | 116 | 116 | 117 | 120 | 123 |
| Appropriation, mandatory | BA | | 23 | | | | | |
| Outlays | O | 329 | 691 | 142 | 140 | 138 | 140 | 144 |
| Limitation on direct loan activity | | (963) | (145) | (160) | (160) | (162) | (166) | (170) |
| Total P.L. 480 program account | BA O | 178 329 | 145 691 | 116 142 | 116 140 | 117 138 | 120 140 | 123 144 |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 151 BA | 478 | 1 | 24 | | | | |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross) | | | | | | | | |
| | BA | 478 | 1 | 24 | | | | |
| Total, offsetting collections | | -478 | -443 | -460 | -451 | -465 | -457 | -441 |
| Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net) | | | | | | | | |
| | BA O | -478 -478 | -442 -443 | -436 -460 | -451 -451 | -465 -465 | -457 -457 | -441 -441 |
| <i>Trust funds</i> | | | | | | | | |
| Miscellaneous contributed funds: | | | | | | | | |
| Appropriation, mandatory | 352 BA | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 1 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total Federal funds Foreign Agricultural Service | BA O | 1,352 948 | 633 1,489 | 651 693 | 636 669 | 634 666 | 670 692 | 711 730 |
| Total Trust funds Foreign Agricultural Service | BA O | 2 1 | 4 4 | 4 4 | 4 4 | 4 4 | 4 4 | 4 4 |

Food and Nutrition Service

Federal funds

General and Special Funds:

Food program administration:

| | | | | | | | | |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 605 BA | 111 | 114 | 129 | 129 | 131 | 134 | 137 |
| Spending authority from offsetting collections, discretionary | BA | 1 | | | | | | |
| Outlays | O | 111 | 116 | 127 | 129 | 131 | 134 | 136 |
| Food program administration (gross) | | | | | | | | |
| | BA O | 112 111 | 114 116 | 129 127 | 129 129 | 131 131 | 134 134 | 137 136 |
| Total, offsetting collections | | -1 | | | | | | |
| Total Food program administration (net) | BA O | 111 110 | 114 116 | 129 127 | 129 129 | 131 131 | 134 134 | 137 136 |

Food stamp program:

| | | | | | | | | |
|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Appropriation, discretionary | 605 BA | 4 | 5 | 28 | 28 | 28 | 29 | 30 |
| Appropriation, mandatory | BA | 21,232 | 21,067 | 22,104 | 23,216 | 24,256 | 25,110 | 25,917 |
| | | | | <i>B</i> 24 | <i>B</i> 96 | <i>B</i> 223 | <i>B</i> 371 | <i>B</i> 367 |
| Spending authority from offsetting collections, mandatory | BA | 194 | 197 | 197 | 197 | 197 | 197 | 197 |
| Outlays | O | 19,199 | 19,924 | 21,232 | 22,324 | 23,358 | 24,214 | 25,019 |
| | | | | <i>B</i> 24 | <i>B</i> 96 | <i>B</i> 223 | <i>B</i> 371 | <i>B</i> 367 |
| Food stamp program (gross) | | | | | | | | |
| | BA O | 21,430 19,199 | 21,269 19,924 | 22,353 21,256 | 23,537 22,420 | 24,704 23,581 | 25,707 24,585 | 26,511 25,386 |
| Total, offsetting collections | | -194 | -197 | -197 | -197 | -197 | -197 | -197 |
| Total Food stamp program (net) | BA O | 21,236 19,005 | 21,072 19,727 | 22,156 21,059 | 23,340 22,223 | 24,507 23,384 | 25,510 24,388 | 26,314 25,189 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Child nutrition programs: | | | | | | | | |
| Appropriation, discretionary | 605 BA | 5 | 14 | 18 | 18 | 18 | 19 | 19 |
| Appropriation, mandatory | BA | 9,179 | 9,545 | 9,533 | 10,489 | 10,939 | 11,439 | 11,958 |
| | | | | <i>B -1</i> | <i>B -22</i> | <i>B -26</i> | <i>B -31</i> | <i>B -36</i> |
| Outlays | O | 8,878 | 9,354 | 9,892 | 10,434 | 10,899 | 11,391 | 11,910 |
| | | | | <i>B -3</i> | <i>B -15</i> | <i>B -21</i> | <i>B -26</i> | <i>B -31</i> |
| Total Child nutrition programs | BA | 9,184 | 9,559 | 9,550 | 10,485 | 10,931 | 11,427 | 11,941 |
| | O | 8,878 | 9,354 | 9,889 | 10,419 | 10,878 | 11,365 | 11,879 |
| Special supplemental nutrition program for women, infants, and children (WIC): | | | | | | | | |
| Appropriation, discretionary | 605 BA | 3,924 | 4,032 | 4,148 | 4,148 | 4,198 | 4,302 | 4,396 |
| Outlays | O | 3,942 | 4,058 | 4,148 | 4,148 | 4,195 | 4,295 | 4,391 |
| Commodity assistance program: | | | | | | | | |
| Appropriation, discretionary | 605 BA | 131 | 133 | 158 | 158 | 160 | 164 | 168 |
| Outlays | O | 136 | 132 | 167 | 158 | 160 | 163 | 167 |
| Food donations programs: | | | | | | | | |
| Appropriation, discretionary | 605 BA | 141 | 141 | 151 | 151 | 153 | 157 | 160 |
| Outlays | O | 144 | 142 | 149 | 151 | 152 | 156 | 159 |
| Total Federal funds Food and Nutrition Service | BA | 34,727 | 35,051 | 36,292 | 38,411 | 40,080 | 41,694 | 43,116 |
| | O | 32,215 | 33,529 | 35,539 | 37,228 | 38,900 | 40,501 | 41,921 |

Forest Service
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-------|-------|-------------|-------------|-------------|-------------|-------------|
| National forest system: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 1,300 | 1,262 | 1,287 | 1,272 | 1,302 | 1,335 | 1,364 |
| Advance appropriation, discretionary | BA | | | | 15 | | | |
| Spending authority from offsetting collections, discretionary | BA | 50 | 71 | 73 | 73 | 74 | 76 | 77 |
| Outlays | O | 1,301 | 1,339 | 1,357 | 1,360 | 1,374 | 1,406 | 1,437 |
| National forest system (gross) | BA | 1,350 | 1,333 | 1,360 | 1,360 | 1,376 | 1,411 | 1,441 |
| | O | 1,301 | 1,339 | 1,357 | 1,360 | 1,374 | 1,406 | 1,437 |
| Total, offsetting collections | | -50 | -71 | -73 | -73 | -74 | -76 | -77 |
| Total National forest system (net) | BA | 1,300 | 1,262 | 1,287 | 1,287 | 1,302 | 1,335 | 1,364 |
| | O | 1,251 | 1,268 | 1,284 | 1,287 | 1,300 | 1,330 | 1,360 |
| Infrastructure: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 299 | 397 | 425 | 425 | 430 | 441 | 450 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 260 | 365 | 399 | 425 | 430 | 439 | 449 |
| Infrastructure (gross) | BA | 300 | 398 | 426 | 426 | 431 | 442 | 451 |
| | O | 260 | 365 | 399 | 425 | 430 | 439 | 449 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Infrastructure (net) | BA | 299 | 397 | 425 | 425 | 430 | 441 | 450 |
| | O | 259 | 364 | 398 | 424 | 429 | 438 | 448 |
| Road and trail fund: | | | | | | | | |
| Appropriation, mandatory | 303 BA | | | <i>B 31</i> | <i>B 25</i> | <i>B 25</i> | <i>B 25</i> | <i>B 25</i> |
| Outlays | O | | | <i>B 20</i> | B 20 | B 20 | B 20 | B 20 |
| Forest and rangeland research: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 199 | 203 | 231 | 231 | 234 | 240 | 245 |
| Spending authority from offsetting collections, discretionary | BA | 10 | 22 | 24 | 24 | 24 | 25 | 25 |
| Outlays | O | 194 | 224 | 247 | 255 | 257 | 263 | 268 |
| Forest and rangeland research (gross) | BA | 209 | 225 | 255 | 255 | 258 | 265 | 270 |
| | O | 194 | 224 | 247 | 255 | 257 | 263 | 268 |
| Total, offsetting collections | | -10 | -22 | -24 | -24 | -24 | -25 | -25 |
| Total Forest and rangeland research (net) | BA | 199 | 203 | 231 | 231 | 234 | 240 | 245 |
| | O | 184 | 202 | 223 | 231 | 233 | 238 | 243 |
| State, private and international forestry: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 171 | 207 | 261 | 261 | 264 | 271 | 276 |
| Spending authority from offsetting collections, discretionary | BA | | 5 | 7 | 7 | 7 | 7 | 7 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 180 | 203 | 254 | 269 | 271 | 276 | 281 |
| State, private and international forestry (gross) | BA | 171 | 212 | 268 | 268 | 271 | 278 | 283 |
| Outlays | O | 180 | 203 | 254 | 269 | 271 | 276 | 281 |
| Total, offsetting collections | | | -5 | -7 | -7 | -7 | -7 | -7 |
| Total State, private and international forestry (net) | BA | 171 | 207 | 261 | 261 | 264 | 271 | 276 |
| | O | 180 | 198 | 247 | 262 | 264 | 269 | 274 |
| Healthy investments in rural environments: | | | | | | | | |
| Appropriation, mandatory | 302 BA | | | <i>B</i> 745 | <i>B</i> 320 | <i>B</i> 317 | <i>B</i> 315 | <i>B</i> 314 |
| Outlays | O | | | <i>B</i> 315 | <i>B</i> 319 | <i>B</i> 318 | <i>B</i> 315 | <i>B</i> 314 |
| Management of national forest lands for subsistence uses: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 3 | | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | | 3 | 6 | 6 | 6 | 6 | 6 |
| Wildland fire management: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 762 | 561 | 770 | 770 | 779 | 799 | 816 |
| Spending authority from offsetting collections, discretionary | BA | 75 | 87 | 95 | 95 | 96 | 99 | 101 |
| Outlays | O | 900 | 588 | 700 | 715 | 723 | 741 | 756 |
| Wildland fire management (gross) | BA | 837 | 648 | 865 | 865 | 875 | 898 | 917 |
| | O | 900 | 588 | 700 | 715 | 723 | 741 | 756 |
| Total, offsetting collections | | -75 | -87 | -95 | -95 | -96 | -99 | -101 |
| Total Wildland fire management (net) | BA | 762 | 561 | 770 | 770 | 779 | 799 | 816 |
| | O | 825 | 501 | 605 | 620 | 627 | 642 | 655 |
| Payments to States, northern spotted owl guarantee, Forest Service: | | | | | | | | |
| Appropriation, mandatory | 806 BA | 125 | 120 | 115 | 109 | 104 | 104 | 104 |
| | | | | <i>B</i> -115 | <i>B</i> -109 | <i>B</i> -104 | <i>B</i> -104 | <i>B</i> -104 |
| Outlays | O | 125 | 120 | 115 | 109 | 104 | 104 | 104 |
| | | | | <i>B</i> -115 | <i>B</i> -109 | <i>B</i> -104 | <i>B</i> -104 | <i>B</i> -104 |
| Total Payments to States, northern spotted owl guarantee, Forest Service | BA | 125 | 120 | | | | | |
| | O | 125 | 120 | | | | | |
| Payments to states stabilization: | | | | | | | | |
| Appropriation, mandatory | 806 BA | | | <i>B</i> 270 | B 270 | B 270 | B 270 | B 270 |
| Outlays | O | | | <i>B</i> 270 | B 270 | B 270 | B 270 | B 270 |
| Southeast Alaska economic disaster assistance fund: | | | | | | | | |
| Appropriation, discretionary | 451 BA | | 22 | | | | | |
| Outlays | O | 20 | 10 | 7 | 5 | | | |
| Facilities acquisition and enhancement fund: | | | | | | | | |
| Appropriation, mandatory | 302 BA | | | <i>B</i> 2 | <i>B</i> 5 | <i>B</i> 5 | <i>B</i> 10 | <i>B</i> 10 |
| Outlays | O | | | <i>B</i> 2 | <i>B</i> 5 | <i>B</i> 5 | <i>B</i> 10 | <i>B</i> 10 |
| Range betterment fund: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 3 | 3 | | | | | |
| Outlays | O | 3 | 3 | 1 | | | | |
| Land acquisition accounts | | | | | | | | |
| (Conservation and land management): | | | | | | | | |
| (Appropriation, discretionary) | 302 BA | 1 | 1 | | | | | |
| (Outlays) | O | 1 | 1 | | | | | |
| (Recreational resources): | | | | | | | | |
| (Appropriation, discretionary) | 303 BA | 118 | 156 | 130 | 130 | 132 | 135 | 138 |
| (Outlays) | O | 92 | 143 | 139 | 130 | 131 | 134 | 137 |
| Total Land acquisition accounts | BA | 119 | 157 | 130 | 130 | 132 | 135 | 138 |
| | O | 93 | 144 | 139 | 130 | 131 | 134 | 137 |
| Land acquisition reinvestment fund: | | | | | | | | |
| Appropriation, mandatory | 302 BA | | | <i>B</i> 1 | <i>B</i> 1 | <i>B</i> 2 | <i>B</i> 3 | <i>B</i> 3 |
| Outlays | O | | | <i>B</i> 1 | <i>B</i> 1 | <i>B</i> 2 | <i>B</i> 3 | <i>B</i> 3 |
| Forest Service permanent appropriations | | | | | | | | |
| (Conservation and land management): | | | | | | | | |
| (Appropriation, mandatory) | 302 BA | 182 | 213 | 204 | 186 | 182 | 183 | 183 |
| | | | | <i>B</i> -317 | <i>B</i> -141 | <i>B</i> -135 | <i>B</i> -127 | <i>B</i> -126 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|-------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 231 | 202 | 198 <i>B -166</i> | 189 <i>B -142</i> | 183 <i>B -135</i> | 182 <i>B -128</i> | 183 <i>B -126</i> |
| Total (Conservation and land management) | BA O | 182 231 | 213 202 | -113 32 | 45 47 | 47 48 | 56 54 | 57 57 |
| (Recreational resources): | | | | | | | | |
| (Appropriation, mandatory) | 303 BA | 26 | 25 | 26 | | | | |
| (Outlays) | O | 26 | 26 | 26 | 5 <i>B 11</i> | | | |
| Total (Recreational resources) | BA O | 26 26 | 25 26 | 26 26 | 11 16 | 24 24 | 41 41 | 48 48 |
| (General purpose fiscal assistance): | | | | | | | | |
| (Appropriation, mandatory) | 806 BA | 109 | 120 | 112 <i>B -112</i> | 107 <i>B -108</i> | 106 <i>B -106</i> | 122 <i>B -122</i> | 121 <i>B -121</i> |
| (Outlays) | O | 109 | 121 | 112 <i>B -112</i> | 107 <i>B -108</i> | 106 <i>B -106</i> | 122 <i>B -122</i> | 121 <i>B -121</i> |
| Total (General purpose fiscal assistance) | BA O | 109 109 | 120 121 | -1 | -1 | | | |
| Total Forest Service permanent appropriations | BA O | 317 366 | 358 349 | -87 58 | 55 62 | 71 72 | 97 95 | 105 105 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 302 BA | 165 | 134 | 134 | 134 | 134 | 134 | 134 |
| Outlays | O | 151 | 134 | 134 | 134 | 134 | 134 | 134 |
| Working capital fund (gross) | BA O | 165 151 | 134 134 | 134 134 | 134 134 | 134 134 | 134 134 | 134 134 |
| Total, offsetting collections | | -165 | -134 | -134 | -134 | -134 | -134 | -134 |
| Total Working capital fund (net) | BA O | -14 | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Forest service trust funds: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 193 | 196 | 240 <i>B -459</i> | 251 <i>B -200</i> | 251 <i>B -200</i> | 251 <i>B -200</i> | 250 <i>B -200</i> |
| Outlays | O | 133 | 195 | 231 <i>B -190</i> | 248 <i>B -198</i> | 250 <i>B -200</i> | 250 <i>B -200</i> | 250 <i>B -200</i> |
| Total Forest service trust funds | BA O | 193 133 | 196 195 | -219 41 | 51 50 | 51 50 | 51 50 | 50 50 |
| Total Federal funds Forest Service | BA O | 3,298 3,292 | 3,290 3,162 | 4,072 3,576 | 3,786 3,642 | 3,837 3,677 | 3,947 3,770 | 4,022 3,845 |
| Total Trust funds Forest Service | BA O | 193 133 | 196 195 | -219 41 | 51 50 | 51 50 | 51 50 | 50 50 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA O | 68,345 63,502 | 73,360 72,142 | 67,324 65,638 | 65,684 63,062 | 61,902 61,018 | 63,115 61,034 | 63,498 61,821 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 352 BA/O | -5 | -6 | -9 | -9 | -9 | -9 | -9 |

DEPARTMENT OF AGRICULTURE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | | |
|---|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Proprietary receipts from the public | 271 BA/O | -167 | -5 | -8 | -8 | -8 | -8 | -8 | -8 |
| | 302 BA/O | -348 | -621 | -429 | -421 | -415 | -432 | -412 | |
| | | | | <i>B -195</i> | <i>B -239</i> | <i>B -272</i> | <i>B -271</i> | <i>B -278</i> | |
| | | | | <i>J 4</i> | J 4 | J 4 | J 4 | J 4 |
| | 303 BA/O | -30 | -29 | -30 | -3 | -3 | -3 | -3 | -3 |
| | | | | <i>B -25</i> | <i>B -53</i> | <i>B -61</i> | <i>B -73</i> | <i>B -75</i> | |
| | 351 BA/O | | -417 | | | | | | |
| | 371 BA/O | | -34 | | | | | | |
| | 452 BA/O | | -62 | -1 | | | | | |
| Total Federal funds | BA | 67,699 | 72,281 | 66,632 | 64,955 | 61,138 | 62,323 | 62,717 | |
| | O | 62,856 | 71,063 | 64,946 | 62,333 | 60,254 | 60,242 | 61,040 | |
| Trust funds: (As shown in detail above) | BA | 355 | 351 | -64 | 206 | 206 | 206 | 205 | 205 |
| | O | 303 | 354 | 200 | 205 | 205 | 205 | 205 | 205 |
| Deductions for offsetting receipts: Proprietary receipts from the public | 302 BA/O | -163 | -166 | -210 | -220 | -220 | -220 | -220 | -220 |
| | | | | <i>B 160</i> | <i>B 170</i> | <i>B 170</i> | <i>B 170</i> | <i>B 170</i> | <i>B 170</i> |
| | 352 BA/O | -162 | -155 | -155 | -155 | -155 | -155 | -155 | -155 |
| Total Trust funds | BA | 30 | 30 | -269 | 1 | 1 | 1 | | |
| | O | -22 | 33 | -5 | | | | | |
| Interfund transactions | 302 BA/O | | | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Department of Agriculture | BA | 67,729 | 72,311 | 66,362 | 64,955 | 61,138 | 62,323 | 62,716 | |
| | O | 62,834 | 71,096 | 64,940 | 62,332 | 60,253 | 60,241 | 61,039 | |

DEPARTMENT OF COMMERCE
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|--|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Departmental Management | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| General and Special Funds: | | | | | | | | | |
| Salaries and expenses: | | | | | | | | | |
| Appropriation, discretionary | 376 BA | 38 | 31 | 32 | 32 | 32 | 33 | 34 | |
| Spending authority from offsetting collections, discretionary | BA | 50 | 348 | 358 | 358 | 362 | 371 | 379 | |
| Outlays | O | 83 | 384 | 391 | 390 | 394 | 404 | 413 | |
| Salaries and expenses (gross) | BA | 88 | 379 | 390 | 390 | 394 | 404 | 413 | |
| | O | 83 | 384 | 391 | 390 | 394 | 404 | 413 | |
| Total, offsetting collections | | -50 | -348 | -358 | -358 | -362 | -371 | -379 | |
| Total Salaries and expenses (net) | BA | 38 | 31 | 32 | 32 | 32 | 33 | 34 | |
| | O | 33 | 36 | 33 | 32 | 32 | 33 | 34 | |
| Digital Department: | | | | | | | | | |
| Appropriation, discretionary | 376 BA | | | 6 | 6 | 6 | 6 | 6 | |
| Outlays | O | | | 4 | 6 | 6 | 6 | 6 | |
| Security: | | | | | | | | | |
| Appropriation, discretionary | 376 BA | | | 13 | 13 | 13 | 13 | 14 | |
| Spending authority from offsetting collections, discretionary | BA | | | 9 | 9 | 9 | 9 | 10 | |
| Outlays | O | | | 21 | 22 | 22 | 23 | 24 | |
| Security (gross) | BA | | | 22 | 22 | 22 | 22 | 24 | |
| | O | | | 21 | 22 | 22 | 23 | 24 | |
| Total, offsetting collections | | | | -9 | -9 | -9 | -9 | -10 | |
| Total Security (net) | BA | | | 13 | 13 | 13 | 13 | 14 | |
| | O | | | 12 | 13 | 13 | 14 | 14 | |
| Office of the Inspector General: | | | | | | | | | |
| Appropriation, discretionary | 376 BA | 21 | 20 | 23 | 23 | 23 | 24 | 24 | |
| Outlays | O | 20 | 21 | 22 | 23 | 23 | 24 | 24 | |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|---------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 376 BA | 97 | 115 | 99 | 99 | 99 | 99 | 99 |
| Outlays | O | 94 | 115 | 99 | 99 | 99 | 99 | 99 |
| Working capital fund (gross) | BA | 97 | 115 | 99 | 99 | 99 | 99 | 99 |
| | O | 94 | 115 | 99 | 99 | 99 | 99 | 99 |
| Change in receivables and unpaid, unfilled orders | BA | -5 | | | | | | |
| Total, offsetting collections | | -92 | -115 | -99 | -99 | -99 | -99 | -99 |
| Total Working capital fund (net) | BA | 2 | | | | | | |
| | O | | | | | | | |
| Franchise fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 376 BA | 16 | 17 | 23 | 23 | 23 | 23 | 23 |
| Outlays | O | 21 | 18 | 23 | 23 | 23 | 23 | 23 |
| Franchise fund (gross) | BA | 16 | 17 | 23 | 23 | 23 | 23 | 23 |
| | O | 21 | 18 | 23 | 23 | 23 | 23 | 23 |
| Change in receivables and unpaid, unfilled orders | BA | 2 | | | | | | |
| Total, offsetting collections | | -18 | -17 | -23 | -23 | -23 | -23 | -23 |
| Total Franchise fund (net) | BA | 3 | 1 | | | | | |
| | O | | | | | | | |
| Credit Accounts: | | | | | | | | |
| Emergency oil and gas guaranteed loan program account: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 125 | | | | | | |
| Outlays | O | | 125 | | | | | |
| Limitation on loan guarantee commitments | | | (500) | | | | | |
| Emergency steel guaranteed loan program account: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 145 | | | | | | |
| Outlays | O | | 145 | | | | | |
| Limitation on loan guarantee commitments | | | (1,000) | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Gifts and bequests: | | | | | | | | |
| Appropriation, mandatory | 376 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Departmental Management | BA | 329 | 51 | 74 | 74 | 74 | 76 | 78 |
| | O | 58 | 328 | 71 | 74 | 74 | 77 | 78 |
| Total Trust funds Departmental Management | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 2 | 1 | 1 | 1 | 1 | 1 |

Economic Development Administration

Federal funds

| | | | | | | | | |
|---|--------|-----|-----------------|-----|-----|-----|-----|-----|
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 26 | 27 | 28 | 28 | 28 | 29 | 30 |
| | | | ^A 1 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 28 | 30 | 29 | 29 | 30 | 30 | 31 |
| | | | ^A 1 | | | | | |
| Salaries and expenses (gross) | BA | 28 | 30 | 29 | 29 | 29 | 30 | 31 |
| | O | 28 | 31 | 29 | 29 | 30 | 30 | 31 |
| Total, offsetting collections | | -2 | -2 | -1 | -1 | -1 | -1 | -1 |
| Total Salaries and expenses (net) | BA | 26 | 28 | 28 | 28 | 28 | 29 | 30 |
| | O | 26 | 29 | 28 | 28 | 29 | 29 | 30 |
| Economic development assistance programs: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 387 | 361 | 419 | 419 | 424 | 434 | 444 |
| | | | ^A 24 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 17 | 1 | 1 | 1 | 1 | 1 | 1 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 372 | 406 ▲3 | 399 ▲13 | 402 ▲7 | 396 ▲1 | 408 | 424 |
| Economic development assistance programs (gross) | BA | 404 | 386 | 420 | 420 | 425 | 435 | 445 |
| | O | 372 | 409 | 412 | 409 | 397 | 408 | 424 |
| Total, offsetting collections | | -17 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Economic development assistance programs (net) | BA | 387 | 385 | 419 | 419 | 424 | 434 | 444 |
| | O | 355 | 408 | 411 | 408 | 396 | 407 | 423 |
| Credit Accounts: | | | | | | | | |
| Economic development revolving fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 452 BA | 11 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Economic development revolving fund liquidating account (gross) | BA | 11 | 5 | 5 | 5 | 5 | 5 | 5 |
| | O | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Total, offsetting collections | | -11 | -5 | -5 | -5 | -5 | -5 | -5 |
| Total Economic development revolving fund liquidating account (net) | BA | | | | | | | |
| | O | -6 | | | | | | |
| Total Federal funds Economic Development Administration | BA | 413 | 413 | 447 | 447 | 452 | 463 | 474 |
| | O | 375 | 437 | 439 | 436 | 425 | 436 | 453 |

Bureau of the Census

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|--------------|--------------|------------|------------|------------|------------|------------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 146 | 140 | 174 | 174 | 176 | 180 | 184 |
| Appropriation, mandatory | BA | 10 | 20 | 20 | 20 | 10 | 10 | 10 |
| Outlays | O | 166 | 120 | 174 | 191 | 187 | 190 | 193 |
| Total Salaries and expenses | BA | 156 | 160 | 194 | 194 | 186 | 190 | 194 |
| | O | 166 | 120 | 174 | 191 | 187 | 190 | 193 |
| Periodic censuses and programs: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 1,235 | 4,610 | 545 | 501 | 488 | 353 | 382 |
| Outlays | O | 1,006 | 4,271 | 1,169 | 510 | 491 | 381 | 376 |
| Intragovernmental Funds: | | | | | | | | |
| Census working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 376 BA | 171 | 186 | 188 | 188 | 188 | 188 | 188 |
| Outlays | O | 131 | 186 | 188 | 188 | 188 | 188 | 188 |
| Census working capital fund (gross) | BA | 171 | 186 | 188 | 188 | 188 | 188 | 188 |
| | O | 131 | 186 | 188 | 188 | 188 | 188 | 188 |
| Total, offsetting collections | | -171 | -186 | -188 | -188 | -188 | -188 | -188 |
| Total Census working capital fund (net) | BA | | | | | | | |
| | O | -40 | | | | | | |
| Total Federal funds Bureau of the Census | BA | 1,391 | 4,770 | 739 | 695 | 674 | 543 | 576 |
| | O | 1,132 | 4,391 | 1,343 | 701 | 678 | 571 | 569 |

Economic and Statistical Analysis

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 48 | 49 | 55 | 55 | 56 | 57 | 58 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 51 | 52 | 56 | 57 | 58 | 59 | 60 |
| Salaries and expenses (gross) | BA | 50 | 51 | 57 | 57 | 58 | 59 | 60 |
| | O | 51 | 52 | 56 | 57 | 58 | 59 | 60 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Salaries and expenses (net) | BA | 48 | 49 | 55 | 55 | 56 | 57 | 58 |
| | O | 49 | 50 | 54 | 55 | 56 | 57 | 58 |
| Public Enterprise Funds: | | | | | | | | |
| Economics and statistics administration revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 376 BA | 5 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 6 | 3 | 3 | 3 | 3 | 3 | 3 |
| Economics and statistics administration revolving fund (gross) | BA | 5 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 6 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total, offsetting collections | | -5 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Economics and statistics administration revolving fund (net) | BA | | | | | | | |
| | O | 1 | | | | | | |
| Total Federal funds Economic and Statistical Analysis | BA | 48 | 49 | 55 | 55 | 56 | 57 | 58 |
| | O | 50 | 50 | 54 | 55 | 56 | 57 | 58 |

Promotion of Industry and Commerce

International Trade Administration

Federal funds

General and Special Funds:

Operations and administration:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 376 BA | 301 | 307 | 357 | 357 | 361 | 370 | 378 |
| Spending authority from offsetting collections, discretionary | BA | 14 | 31 | 31 | 31 | 31 | 32 | 33 |
| Outlays | O | 300 | 331 | 371 | 383 | 391 | 399 | 408 |
| Operations and administration (gross) | BA | 315 | 338 | 388 | 388 | 392 | 402 | 411 |
| | O | 300 | 331 | 371 | 383 | 391 | 399 | 408 |
| Total, offsetting collections | | -14 | -31 | -31 | -31 | -31 | -32 | -33 |
| Total Operations and administration (net) | BA | 301 | 307 | 357 | 357 | 361 | 370 | 378 |
| | O | 286 | 300 | 340 | 352 | 360 | 367 | 375 |

Trust funds

Foreign service national separation liability trust fund:

| | | | | | | | | |
|---------------|-------|----|--|--|--|--|--|--|
| Outlays | 602 O | 11 | | | | | | |
|---------------|-------|----|--|--|--|--|--|--|

Export Administration

Federal funds

General and Special Funds:

Operations and administration

(Defense-related activities):

| | | | | | | | | |
|--------------------------------------|--------|---|---|---|---|---|---|---|
| (Appropriation, discretionary) | 054 BA | 2 | 2 | 5 | 5 | 5 | 5 | 5 |
| (Outlays) | O | 2 | 2 | 4 | 5 | 5 | 5 | 6 |

(Other advancement of commerce):

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| (Appropriation, discretionary) | 376 BA | 54 | 52 | 67 | 67 | 68 | 69 | 71 |
| (Spending authority from offsetting collections, discretionary) | BA | 9 | 5 | 5 | 5 | 5 | 5 | 5 |
| (Outlays) | O | 53 | 66 | 71 | 71 | 73 | 74 | 75 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Operations and administration (gross) | BA | 65 | 59 | 77 | 77 | 78 | 79 | 81 |
| | O | 55 | 68 | 75 | 76 | 78 | 79 | 81 |

| | | | | | | | | |
|-------------------------------------|--|----|----|----|----|----|----|----|
| Total, offsetting collections | | -9 | -5 | -5 | -5 | -5 | -5 | -5 |
|-------------------------------------|--|----|----|----|----|----|----|----|

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Total (Other advancement of commerce) (net) | BA | 54 | 52 | 67 | 67 | 68 | 69 | 71 |
| | O | 44 | 61 | 66 | 66 | 68 | 69 | 70 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Total Operations and administration | BA | 56 | 54 | 72 | 72 | 73 | 74 | 76 |
| | O | 46 | 63 | 70 | 71 | 73 | 74 | 76 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Total Federal funds Export Administration | BA | 56 | 54 | 72 | 72 | 73 | 74 | 76 |
| | O | 46 | 63 | 70 | 71 | 73 | 74 | 76 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>Minority Business Development Agency</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Minority business development: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 27 | 27 | 28 | 28 | 28 | 29 | 30 |
| Outlays | O | 31 | 26 | 28 | 28 | 28 | 29 | 29 |
| <i>United States Travel and Tourism Administration</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | -1 | | | | | | |
| Total Federal funds Promotion of Industry and Commerce | BA | 383 | 388 | 457 | 457 | 462 | 473 | 484 |
| | O | 363 | 389 | 438 | 451 | 461 | 470 | 480 |
| Total Trust funds Promotion of Industry and Commerce | O | 11 | | | | | | |
| Science and Technology | | | | | | | | |
| <i>National Oceanic and Atmospheric Administration</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Operations, research, and facilities: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 1,664 | 1,741 | 1,973 | 1,973 | 1,997 | 2,046 | 2,091 |
| | | | ^ 26 | J -34 | J -34 | J -34 | J -35 | J -36 |
| Appropriation, mandatory | BA | | 14 | 14 | 23 | 24 | 24 | 24 |
| Spending authority from offsetting collections, discretionary | BA | 280 | 241 | 208 | 208 | 210 | 216 | 220 |
| | | | J 34 | J 34 | J 34 | J 35 | J 36 | |
| Spending authority from offsetting collections, mandatory | BA | 3 | | | | | | |
| Outlays | O | 2,050 | 1,877 | 2,074 | 2,211 | 2,364 | 2,394 | 2,372 |
| | | | ^ 16 | ^ 10 | | | | |
| Operations, research, and facilities (gross) | BA | 1,947 | 2,022 | 2,195 | 2,204 | 2,231 | 2,286 | 2,335 |
| | O | 2,050 | 1,893 | 2,084 | 2,211 | 2,364 | 2,394 | 2,372 |
| Change in receivables and unpaid, unfilled orders | BA | -14 | | | | | | |
| Total, offsetting collections | | -266 | -241 | -208 | -208 | -211 | -215 | -221 |
| | | | | J -34 | J -34 | J -34 | J -35 | J -36 |
| Total Operations, research, and facilities (net) | BA | 1,667 | 1,781 | 1,953 | 1,962 | 1,986 | 2,036 | 2,078 |
| | O | 1,784 | 1,652 | 1,842 | 1,969 | 2,119 | 2,144 | 2,115 |
| Procurement, acquisition and construction: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 585 | 593 | 635 | | | | |
| Advance appropriation, discretionary | BA | | | | 732 | 705 | 706 | 657 |
| Outlays | O | 592 | 398 | 523 | 395 | 259 | 171 | 110 |
| Total Procurement, acquisition and construction | BA | 585 | 593 | 635 | 732 | 705 | 706 | 657 |
| | O | 592 | 398 | 523 | 395 | 259 | 171 | 110 |
| Pacific coastal salmon recovery: | | | | | | | | |
| Appropriation, discretionary | 306 BA | | 58 | 160 | 160 | 162 | 166 | 170 |
| Outlays | O | | 58 | 160 | 160 | 162 | 166 | 170 |
| Fisheries assistance: | | | | | | | | |
| Appropriation, discretionary | 302 BA | | | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | | | 10 | 10 | 10 | 10 | 10 |
| Coastal impact assistance: | | | | | | | | |
| Appropriation, discretionary | 302 BA | | | 100 | 100 | 101 | 104 | 106 |
| Outlays | O | | | 50 | 90 | 101 | 102 | 105 |
| Promote and develop fishery products and research pertaining to American fisheries: | | | | | | | | |
| Appropriation, discretionary | 376 BA | -63 | -69 | -68 | -68 | -69 | -71 | -72 |
| Appropriation, mandatory | BA | 66 | 70 | 70 | 70 | 70 | 70 | 70 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 5 | 6 | 3 | 1 | 1 | 1 | 1 |
| Total Promote and develop fishery products and research pertaining to American fisheries | BA O | 3 5 | 1 6 | 2 3 | 2 1 | 1 1 | -1 1 | -2 1 |
| Fishermen's contingency fund: | | | | | | | | |
| Appropriation, discretionary | 376 BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | 2 | 1 | 1 | 1 | 1 | 1 |
| Public Enterprise Funds: | | | | | | | | |
| Coastal zone management fund: | | | | | | | | |
| Appropriation, discretionary | 306 BA | | | -3 | -3 | -3 | -3 | -3 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 7 | 7 | | | | | |
| Coastal zone management fund (gross) | BA O | 4 7 | 4 7 | | | | | |
| Total, offsetting collections | | -4 | -4 | -3 | -3 | -3 | -3 | -3 |
| Total Coastal zone management fund (net) | BA O | | | -3 3 | -3 3 | -3 3 | -3 3 | -3 3 |
| Damage assessment and restoration revolving fund: | | | | | | | | |
| Appropriation, mandatory | 306 BA | | 4 | 2 | | | | |
| Spending authority from offsetting collections, mandatory | BA | 10 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | | 22 | 4 | 2 | 2 | 2 | 2 |
| Damage assessment and restoration revolving fund (gross) | BA O | 10 22 | 6 22 | 4 4 | 2 2 | 2 2 | 2 2 | 2 2 |
| Total, offsetting collections | | -13 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Damage assessment and restoration revolving fund (net) | BA O | -3 -13 | 4 20 | 2 2 | | | | |
| Credit Accounts: | | | | | | | | |
| Fisheries finance, program account: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 28 | | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 23 | 6 | 7 | 7 | 7 | 7 | 7 |
| Limitation on direct loan activity | | (229) | (28) | (324) | (324) | (328) | (336) | (343) |
| Federal ship financing fund, fishing vessels liquidating account: | | | | | | | | |
| Appropriation, mandatory | 376 BA | 2 | 1 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 8 | | | | | | |
| Outlays | O | 2 | 1 | | | | | |
| Federal ship financing fund, fishing vessels liquidating account (gross) | BA O | 10 2 | 1 1 | | | | | |
| Total, offsetting collections | | -8 | | | | | | |
| Total Federal ship financing fund, fishing vessels liquidating account (net) | BA O | 2 -6 | 1 1 | | | | | |
| Total Federal funds National Oceanic and Atmospheric Administration | BA O | 2,282 2,388 | 2,439 2,146 | 2,867 2,595 | 2,971 2,630 | 2,970 2,657 | 3,026 2,599 | 3,025 2,516 |

Patent and Trademark Office
Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|---------|------------|------------|--------------|--------------|----------------|----------------|----------------|
| Appropriation, discretionary | 376 BA | -72 | -3 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 853 | 871 | 1,039 | 1,039 | 1,051 | 1,077 | 1,101 |
| Outlays | O | 840 | 681 | 865 | 959 | 1,034 | 1,066 | 1,086 |
| Salaries and expenses (gross) | BA O | 781 840 | 868 681 | 1,039 865 | 1,039 959 | 1,051 1,034 | 1,077 1,066 | 1,101 1,086 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -887 | -984 | -1,152 | -1,152 | -1,166 | -1,195 | -1,221 |
| Total Salaries and expenses (net) | BA | -106 | -116 | -113 | -113 | -115 | -118 | -120 |
| | O | -47 | -303 | -287 | -193 | -132 | -129 | -135 |

Technology Administration
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|---|----|----|----|----|----|----|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 9 | 8 | 9 | 9 | 9 | 9 | 10 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 9 | 22 | 10 | 10 | 10 | 10 | 10 |
| Salaries and expenses (gross) | BA | 9 | 9 | 10 | 10 | 10 | 10 | 11 |
| | O | 9 | 22 | 10 | 10 | 10 | 10 | 10 |
| Total, offsetting collections | | | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Salaries and expenses (net) | BA | 9 | 8 | 9 | 9 | 9 | 9 | 10 |
| | O | 9 | 21 | 9 | 9 | 9 | 9 | 9 |

National Technical Information Service
Federal funds

Public Enterprise Funds:

| | | | | | | | | |
|---|--------|-----|-----|----|--|--|--|--|
| NTIS revolving fund: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 1 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 34 | 4 | | | | | |
| Outlays | O | 36 | 58 | 16 | | | | |
| NTIS revolving fund (gross) | BA | 35 | 39 | | | | | |
| | O | 36 | 62 | 16 | | | | |
| Total, offsetting collections | | -34 | -35 | | | | | |
| Total NTIS revolving fund (net) | BA | 1 | 4 | | | | | |
| | O | 2 | 27 | 16 | | | | |

National Institute of Standards and Technology
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Scientific and technical research and services: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 280 | 282 | 332 | 332 | 336 | 344 | 352 |
| Outlays | O | 283 | 290 | 322 | 330 | 334 | 341 | 350 |
| Total Scientific and technical research and services | BA | 280 | 283 | 332 | 332 | 336 | 344 | 352 |
| | O | 283 | 291 | 322 | 330 | 334 | 341 | 350 |
| Industrial technology services: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 325 | 247 | 338 | 338 | 342 | 351 | 359 |
| Outlays | O | 327 | 268 | 285 | 230 | 319 | 340 | 345 |
| Total Industrial technology services | BA | 325 | 247 | 338 | 338 | 342 | 351 | 359 |
| | O | 327 | 268 | 286 | 232 | 320 | 340 | 345 |
| Construction of research facilities: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 57 | 106 | 36 | 36 | 36 | 37 | 38 |
| Outlays | O | 36 | 32 | 41 | 55 | 63 | 52 | 44 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Appropriation, discretionary | 376 BA | | | 8 | 8 | 8 | 8 | 8 |
| Spending authority from offsetting collections, discretionary | BA | 133 | 108 | 108 | 108 | 109 | 112 | 114 |

DEPARTMENT OF COMMERCE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 147 | 102 | 112 | 116 | 117 | 119 | 122 |
| Working capital fund (gross) | BA | 133 | 108 | 116 | 116 | 117 | 120 | 122 |
| | O | 147 | 102 | 112 | 116 | 117 | 119 | 122 |
| Total, offsetting collections | | -133 | -108 | -108 | -108 | -109 | -112 | -114 |
| Total Working capital fund (net) | BA | ..... | ..... | 8 | 8 | 8 | 8 | 8 |
| | O | 14 | -6 | 4 | 8 | 8 | 7 | 8 |
| Total Federal funds National Institute of Standards and Technology | BA | 662 | 636 | 714 | 714 | 722 | 740 | 757 |
| | O | 660 | 585 | 653 | 625 | 725 | 740 | 747 |

National Telecommunications and Information Administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | | |
|---|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 376 | BA | 11 | 11 | 20 | 20 | 20 | 21 | 21 |
| Spending authority from offsetting collections, discretionary | | BA | 18 | 20 | 24 | 24 | 24 | 25 | 25 |
| Outlays | | O | 31 | 34 | 43 | 44 | 44 | 46 | 46 |
| Salaries and expenses (gross) | | BA | 29 | 31 | 44 | 44 | 44 | 46 | 46 |
| | | O | 31 | 34 | 43 | 44 | 44 | 46 | 46 |
| Total, offsetting collections | | | -18 | -20 | -24 | -24 | -24 | -25 | -25 |
| Total Salaries and expenses (net) | | BA | 11 | 11 | 20 | 20 | 20 | 21 | 21 |
| | | O | 13 | 14 | 19 | 20 | 20 | 21 | 21 |

Public telecommunications facilities, planning and construction:

| | | | | | | | | | |
|---|-----|----|-----------|-----------|------------|------------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 20 | 26 | 110 | ..... | ..... | ..... | ..... |
| Advance appropriation, discretionary | | BA | ..... | ..... | ..... | 110 | 88 | 45 | 47 |
| Outlays | | O | 17 | 27 | 37 | 75 | 90 | 92 | 68 |
| Total Public telecommunications facilities, planning and construction | | BA | 20 | 26 | 110 | 110 | 88 | 45 | 47 |
| | | O | 17 | 27 | 37 | 75 | 90 | 92 | 68 |

Technology Opportunity Grants:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 18 | 16 | 45 | 45 | 46 | 47 | 48 |
| Outlays | | O | 17 | 28 | 23 | 28 | 39 | 45 | 46 |

Internet Home Access Program:

| | | | | | | | | | |
|------------------------------------|-----|----|-------|-------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 451 | BA | ..... | ..... | 50 | 50 | 51 | 52 | 53 |
| Outlays | | O | ..... | ..... | 4 | 27 | 41 | 51 | 52 |

| | | | | | | | | | |
|--|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Federal funds National Telecommunications and Information Administration | | BA | 49 | 53 | 225 | 225 | 205 | 165 | 169 |
| | | O | 47 | 69 | 83 | 150 | 190 | 209 | 187 |
| Total Federal funds Science and Technology | | BA | 2,897 | 3,024 | 3,702 | 3,806 | 3,791 | 3,822 | 3,841 |
| | | O | 3,059 | 2,545 | 3,069 | 3,221 | 3,449 | 3,428 | 3,324 |

Summary

Federal funds:

| | | | | | | | | | |
|--|-----|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (As shown in detail above) | | BA | 5,461 | 8,695 | 5,474 | 5,534 | 5,509 | 5,434 | 5,511 |
| | | O | 5,037 | 8,140 | 5,414 | 4,938 | 5,143 | 5,039 | 4,962 |
| Deductions for offsetting receipts: | | | | | | | | | |
| Intrafund transactions | 908 | BA/O | ..... | ..... | ..... | -9 | -10 | -10 | -10 |
| Proprietary receipts from the public | 306 | BA/O | -13 | -8 | -8 | -8 | -8 | -8 | -8 |
| Total Federal funds | | BA | 5,448 | 8,687 | 5,466 | 5,517 | 5,491 | 5,416 | 5,493 |
| | | O | 5,024 | 8,132 | 5,406 | 4,921 | 5,125 | 5,021 | 4,944 |

Trust funds:

| | | | | | | | | | |
|------------------------------------|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (As shown in detail above) | | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | O | 12 | 2 | 1 | 1 | 1 | 1 | 1 |
| Total Department of Commerce | | BA | 5,449 | 8,688 | 5,467 | 5,518 | 5,492 | 5,417 | 5,494 |
| | | O | 5,036 | 8,134 | 5,407 | 4,922 | 5,126 | 5,022 | 4,945 |

DEPARTMENT OF DEFENSE—MILITARY

(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Military Personnel | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Military personnel, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 20,811 | 21,292 | 22,198 | 78,449 | 80,390 | 83,085 | 85,585 |
| Advance appropriation, discretionary | BA | | 560 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 192 | 213 | 181 | 694 | 694 | 694 | 694 |
| Outlays | O | 20,491 | 22,096 | 22,243 | 78,516 | 80,588 | 83,301 | 89,301 |
| Military personnel, Army (gross) | BA | 21,003 | 22,065 | 22,379 | 79,143 | 81,084 | 83,779 | 86,279 |
| | O | 20,491 | 22,096 | 22,243 | 78,516 | 80,588 | 83,301 | 89,301 |
| Change in receivables and unpaid, unfilled orders | BA | 28 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -61 | | | | | | |
| Total, offsetting collections | | -159 | -213 | -181 | -694 | -694 | -694 | -694 |
| Total Military personnel, Army (net) | BA | 20,811 | 21,852 | 22,198 | 78,449 | 80,390 | 83,085 | 85,585 |
| | O | 20,332 | 21,883 | 22,062 | 77,822 | 79,894 | 82,607 | 88,607 |
| Military personnel, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 16,611 | 16,817 | 17,743 | | | | |
| Advance appropriation, discretionary | BA | | 437 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 248 | 237 | 219 | | | | |
| Outlays | O | 16,603 | 17,532 | 17,844 | | | | |
| Military personnel, Navy (gross) | BA | 16,859 | 17,491 | 17,962 | | | | |
| | O | 16,603 | 17,532 | 17,844 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 21 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 3 | | | | | | |
| Total, offsetting collections | | -272 | -237 | -219 | | | | |
| Total Military personnel, Navy (net) | BA | 16,611 | 17,254 | 17,743 | | | | |
| | O | 16,331 | 17,295 | 17,625 | | | | |
| Military personnel, Marine Corps: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 6,200 | 6,388 | 6,822 | | | | |
| Advance appropriation, discretionary | BA | | 178 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 30 | 31 | 32 | | | | |
| Outlays | O | 6,217 | 6,564 | 6,853 | | | | |
| Military personnel, Marine Corps (gross) | BA | 6,230 | 6,597 | 6,854 | | | | |
| | O | 6,217 | 6,564 | 6,853 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -9 | | | | | | |
| Total, offsetting collections | | -17 | -31 | -32 | | | | |
| Total Military personnel, Marine Corps (net) | BA | 6,200 | 6,566 | 6,822 | | | | |
| | O | 6,200 | 6,533 | 6,821 | | | | |
| Military personnel, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 17,048 | 17,342 | 18,283 | | | | |
| Advance appropriation, discretionary | BA | | 472 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 205 | 248 | 190 | | | | |
| Outlays | O | 17,104 | 17,985 | 18,244 | | | | |
| Military personnel, Air Force (gross) | BA | 17,253 | 18,062 | 18,473 | | | | |
| | O | 17,104 | 17,985 | 18,244 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 161 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -117 | | | | | | |
| Total, offsetting collections | | -249 | -247 | -190 | | | | |
| Total Military personnel, Air Force (net) | BA | 17,048 | 17,815 | 18,283 | | | | |
| | O | 16,855 | 17,738 | 18,054 | | | | |
| Reserve personnel, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2,183 | 2,251 | 2,434 | | | | |
| Advance appropriation, discretionary | BA | | 41 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 14 | 20 | 20 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 2,158 | 2,282 | 2,407 | | | | |
| Reserve personnel, Army (gross) | BA | 2,197 | 2,312 | 2,454 | | | | |
| | O | 2,158 | 2,282 | 2,407 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -12 | -20 | -20 | | | | |
| Total Reserve personnel, Army (net) | BA | 2,183 | 2,292 | 2,434 | | | | |
| | O | 2,146 | 2,262 | 2,387 | | | | |
| Reserve personnel, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,451 | 1,444 | 1,528 | | | | |
| Advance appropriation, discretionary | BA | | 30 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 15 | 17 | 18 | | | | |
| Outlays | O | 1,437 | 1,475 | 1,502 | | | | |
| Reserve personnel, Navy (gross) | BA | 1,466 | 1,491 | 1,546 | | | | |
| | O | 1,437 | 1,475 | 1,502 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -14 | -17 | -18 | | | | |
| Total Reserve personnel, Navy (net) | BA | 1,451 | 1,474 | 1,528 | | | | |
| | O | 1,423 | 1,458 | 1,484 | | | | |
| Reserve personnel, Marine Corps: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 401 | 405 | 436 | | | | |
| Advance appropriation, discretionary | BA | | 8 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | | | | |
| Outlays | O | 389 | 409 | 426 | | | | |
| Reserve personnel, Marine Corps (gross) | BA | 402 | 414 | 437 | | | | |
| | O | 389 | 409 | 426 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -1 | -1 | -1 | | | | |
| Total Reserve personnel, Marine Corps (net) | BA | 401 | 413 | 436 | | | | |
| | O | 388 | 408 | 425 | | | | |
| Reserve personnel, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 856 | 879 | 982 | | | | |
| Advance appropriation, discretionary | BA | | 13 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 2 | 3 | | | | |
| Outlays | O | 822 | 881 | 970 | | | | |
| Reserve personnel, Air Force (gross) | BA | 857 | 894 | 985 | | | | |
| | O | 822 | 881 | 970 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -1 | -2 | -3 | | | | |
| Total Reserve personnel, Air Force (net) | BA | 856 | 892 | 982 | | | | |
| | O | 821 | 879 | 967 | | | | |
| National Guard personnel, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 3,636 | 3,535 | 3,748 | | | | |
| Advance appropriation, discretionary | BA | | 70 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 9 | 9 | 9 | | | | |
| Outlays | O | 3,561 | 3,551 | 3,673 | | | | |
| National Guard personnel, Army (gross) | BA | 3,645 | 3,614 | 3,757 | | | | |
| | O | 3,561 | 3,551 | 3,673 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -5 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -2 | -9 | -9 | | | | |
| Total National Guard personnel, Army (net) | BA | 3,636 | 3,605 | 3,748 | | | | |
| | O | 3,559 | 3,542 | 3,664 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| National Guard personnel, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,452 | 1,499 | 1,627 | | | | |
| Advance appropriation, discretionary | BA | | 30 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 20 | 22 | 22 | | | | |
| Outlays | O | 1,472 | 1,533 | 1,627 | | | | |
| <hr/> | | | | | | | | |
| National Guard personnel, Air Force (gross) | BA | 1,472 | 1,551 | 1,649 | | | | |
| | O | 1,472 | 1,533 | 1,627 | | | | |
| <hr/> | | | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Total, offsetting collections | | -24 | -22 | -22 | | | | |
| <hr/> | | | | | | | | |
| Total National Guard personnel, Air Force (net) | BA | 1,452 | 1,529 | 1,627 | | | | |
| | O | 1,448 | 1,511 | 1,605 | | | | |
| <hr/> | | | | | | | | |
| Total Federal funds Military Personnel | BA | 70,649 | 73,692 | 75,801 | 78,449 | 80,390 | 83,085 | 85,585 |
| | O | 69,503 | 73,509 | 75,094 | 77,822 | 79,894 | 82,607 | 88,607 |

Operation and Maintenance

Federal funds

General and Special Funds:

Operation and maintenance, Army:

| | | | | | | | | |
|---|--------|--------|--------|--------|---------|---------|---------|---------|
| Appropriation, discretionary | 051 BA | 20,721 | 18,737 | 19,074 | 107,264 | 108,891 | 112,009 | 114,559 |
| Spending authority from offsetting collections, discretionary | BA | 5,902 | 5,907 | 6,106 | 14,571 | 14,571 | 14,571 | 14,571 |
| Outlays | O | 25,600 | 25,243 | 25,690 | 121,029 | 122,607 | 125,550 | 128,037 |
| <hr/> | | | | | | | | |
| Operation and maintenance, Army (gross) | BA | 26,623 | 24,644 | 25,180 | 121,835 | 123,462 | 126,580 | 129,130 |
| | O | 25,600 | 25,243 | 25,690 | 121,029 | 122,607 | 125,550 | 128,037 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -3 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -106 | | | | | | |
| Total, offsetting collections | | -5,743 | -5,857 | -6,056 | -14,571 | -14,571 | -14,571 | -14,571 |
| <hr/> | | | | | | | | |
| Total Operation and maintenance, Army (net) | BA | 20,771 | 18,787 | 19,124 | 107,264 | 108,891 | 112,009 | 114,559 |
| | O | 19,857 | 19,386 | 19,634 | 106,458 | 108,036 | 110,979 | 113,466 |

Operation and maintenance, Navy:

| | | | | | | | | |
|---|--------|--------|--------|--------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 23,239 | 22,471 | 23,250 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 3,727 | 3,762 | 3,762 | | | | |
| Outlays | O | 24,431 | 25,956 | 27,025 | | | | |
| <hr/> | | | | | | | | |
| Operation and maintenance, Navy (gross) | BA | 26,966 | 26,233 | 27,012 | | | | |
| | O | 24,431 | 25,956 | 27,025 | | | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -235 | | | | | | |
| Total, offsetting collections | | -3,446 | -3,712 | -3,712 | | | | |
| <hr/> | | | | | | | | |
| Total Operation and maintenance, Navy (net) | BA | 23,289 | 22,521 | 23,300 | | | | |
| | O | 20,985 | 22,244 | 23,313 | | | | |

Operation and maintenance, Marine Corps:

| | | | | | | | | |
|---|--------|-------|-------|-------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 2,689 | 2,687 | 2,706 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 480 | 412 | 412 | | | | |
| Outlays | O | 2,970 | 3,042 | 3,104 | | | | |
| <hr/> | | | | | | | | |
| Operation and maintenance, Marine Corps (gross) | BA | 3,169 | 3,099 | 3,118 | | | | |
| | O | 2,970 | 3,042 | 3,104 | | | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -30 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 33 | | | | | | |
| Total, offsetting collections | | -483 | -412 | -412 | | | | |
| <hr/> | | | | | | | | |
| Total Operation and maintenance, Marine Corps (net) | BA | 2,689 | 2,687 | 2,706 | | | | |
| | O | 2,487 | 2,630 | 2,692 | | | | |

Operation and maintenance, Air Force:

| | | | | | | | | |
|---|--------|--------|--------|--------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 22,050 | 20,408 | 22,297 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 2,786 | 2,404 | 2,341 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|----------------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 23,597 | 22,618 | 24,904 | | | | |
| Operation and maintenance, Air Force (gross) | BA | 24,836 | 22,812 | 24,638 | | | | |
| | O | 23,597 | 22,618 | 24,904 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 217 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -35 | | | | | | |
| Total, offsetting collections | | -2,918 | -2,354 | -2,291 | | | | |
| Total Operation and maintenance, Air Force (net) | BA | 22,100 | 20,458 | 22,347 | | | | |
| | O | 20,679 | 20,264 | 22,613 | | | | |
| Operation and maintenance, Defense-wide: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 11,453 | 11,832 | 11,920 | | | | |
| | | | ^A 24 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 648 | 824 | 831 | | | | |
| Outlays | O | 11,020 | 12,373 | 12,751 | | | | |
| | | | ^A 18 | ^A 5 | | | | |
| Operation and maintenance, Defense-wide (gross) | BA | 12,101 | 12,680 | 12,751 | | | | |
| | O | 11,020 | 12,391 | 12,756 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -349 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -35 | | | | | | |
| Total, offsetting collections | | -264 | -824 | -831 | | | | |
| Total Operation and maintenance, Defense-wide (net) | BA | 11,453 | 11,856 | 11,920 | | | | |
| | O | 10,756 | 11,567 | 11,925 | | | | |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 132 | 137 | 148 | | | | |
| Outlays | O | 134 | 137 | 146 | | | | |
| Office of the Inspector General (gross) | BA | 132 | 137 | 148 | | | | |
| | O | 134 | 137 | 146 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total Office of the Inspector General (net) | BA | 132 | 137 | 148 | | | | |
| | O | 134 | 137 | 146 | | | | |
| Operation and maintenance, Army Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,259 | 1,462 | 1,521 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 68 | 68 | 72 | | | | |
| Outlays | O | 1,320 | 1,469 | 1,560 | | | | |
| Operation and maintenance, Army Reserve (gross) | BA | 1,327 | 1,530 | 1,593 | | | | |
| | O | 1,320 | 1,469 | 1,560 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -6 | | | | | | |
| Total, offsetting collections | | -62 | -68 | -72 | | | | |
| Total Operation and maintenance, Army Reserve (net) | BA | 1,259 | 1,462 | 1,521 | | | | |
| | O | 1,258 | 1,401 | 1,488 | | | | |
| Operation and maintenance, Navy Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 982 | 954 | 961 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 76 | 73 | 74 | | | | |
| Outlays | O | 1,039 | 1,022 | 1,031 | | | | |
| Operation and maintenance, Navy Reserve (gross) | BA | 1,058 | 1,027 | 1,035 | | | | |
| | O | 1,039 | 1,022 | 1,031 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -16 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -59 | -73 | -74 | | | | |
| Total Operation and maintenance, Navy Reserve (net) | BA | 982 | 954 | 961 | | | | |
| | O | 980 | 949 | 957 | | | | |
| Operation and maintenance, Marine Corps Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 127 | 138 | 134 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 4 | 5 | 5 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------------|------------------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 128 | 148 | 136 | | | | |
| Operation and maintenance, Marine Corps Reserve (gross) | BA | 131 | 143 | 139 | | | | |
| | O | 128 | 148 | 136 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 5 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -7 | -5 | -5 | | | | |
| Total Operation and maintenance, Marine Corps Reserve (net) | BA | 127 | 138 | 134 | | | | |
| | O | 121 | 143 | 131 | | | | |
| Operation and maintenance, Air Force Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,790 | 1,773 | 1,886 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 80 | 51 | 51 | | | | |
| Outlays | O | 1,722 | 1,865 | 1,920 | | | | |
| Operation and maintenance, Air Force Reserve (gross) | BA | 1,870 | 1,824 | 1,937 | | | | |
| | O | 1,722 | 1,865 | 1,920 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -77 | -51 | -51 | | | | |
| Total Operation and maintenance, Air Force Reserve (net) | BA | 1,790 | 1,773 | 1,886 | | | | |
| | O | 1,645 | 1,814 | 1,869 | | | | |
| Operation and maintenance, Army National Guard: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2,806 | 3,145 | 3,182 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 118 | 159 | 162 | | | | |
| Outlays | O | 2,693 | 3,304 | 3,272 | | | | |
| Operation and maintenance, Army National Guard (gross) | BA | 2,924 | 3,304 | 3,344 | | | | |
| | O | 2,693 | 3,304 | 3,272 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Total, offsetting collections | | -114 | -159 | -162 | | | | |
| Total Operation and maintenance, Army National Guard (net) | BA | 2,806 | 3,145 | 3,182 | | | | |
| | O | 2,579 | 3,145 | 3,110 | | | | |
| Operation and maintenance, Air National Guard: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 3,216 | 3,224 | 3,446 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 223 | 200 | 205 | | | | |
| Outlays | O | 3,328 | 3,459 | 3,593 | | | | |
| Operation and maintenance, Air National Guard (gross) | BA | 3,439 | 3,424 | 3,651 | | | | |
| | O | 3,328 | 3,459 | 3,593 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -23 | | | | | | |
| Total, offsetting collections | | -200 | -200 | -205 | | | | |
| Total Operation and maintenance, Air National Guard (net) | BA | 3,216 | 3,224 | 3,446 | | | | |
| | O | 3,128 | 3,259 | 3,388 | | | | |
| Quality of Life Enhancements, Defense: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 455 | 298 | | | | | |
| Outlays | O | 366 | 433 | 297 | | | | |
| Pentagon renovation transfer fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 280 | 222 | | | | | |
| Outlays | O | 280 | 222 | | | | | |
| Depot level maintenance and repair transfer fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 455 | -400 | | | | | |
| Outlays | O | | | | | | | |
| Overseas contingency operations transfer account: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 544 | 1,714 | 4,101 | | | | |
| | | | [^] 2,050 | | | | | |
| Outlays | O | | 1,791 | 3,414 | | | | |
| | | | [^] 1,527 | [^] 408 | | | | |
| Total Overseas contingency operations transfer account | BA | 544 | 3,764 | 4,101 | | | | |
| | O | | 3,318 | 3,822 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|--------|----------------|-----------------|-----------------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Military Training, Equipment and Associated Support Transfer Fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 57 | | | | | | |
| OPLAN 34A-35 P.O.W. Payments: | | | | | | | | |
| Outlays | 051 O | | 4 | 4 | | | | |
| Spares, Repairs, and Associated Logistical Support Transfer Fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 779 | -550 | | | | | |
| United States Courts of Appeals for the armed forces: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 7 | 8 | 9 | | | | |
| Outlays | O | 5 | 12 | 9 | | | | |
| Drug interdiction and counter-drug activities, Defense: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | 833 | 836 | | | | |
| | | | ^A 98 | | | | | |
| Outlays | O | | 287 | 649 | | | | |
| | | | ^A 34 | ^A 43 | | | | |
| <hr/> | | | | | | | | |
| Total Drug interdiction and counter-drug activities, Defense | BA | | 931 | 836 | | | | |
| | O | | 321 | 692 | | | | |
| <hr/> | | | | | | | | |
| Support for international sporting competitions, Defense: | | | | | | | | |
| Outlays | 051 O | 1 | 13 | 2 | | | | |
| Foreign currency fluctuations, Defense: | | | | | | | | |
| Reappropriation, discretionary | 051 BA | 354 | | | | | | |
| Real property maintenance, Defense: | | | | | | | | |
| Outlays | 051 O | 13 | | | | | | |
| Defense health program: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 10,499 | 11,320 | 11,600 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 749 | 700 | 700 | | | | |
| Outlays | O | 10,909 | 11,822 | 12,299 | | | | |
| <hr/> | | | | | | | | |
| Defense health program (gross) | BA | 11,248 | 12,020 | 12,300 | | | | |
| | O | 10,909 | 11,822 | 12,299 | | | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -321 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 35 | | | | | | |
| Total, offsetting collections | | -463 | -700 | -700 | | | | |
| <hr/> | | | | | | | | |
| Total Defense health program (net) | BA | 10,499 | 11,320 | 11,600 | | | | |
| | O | 10,446 | 11,122 | 11,599 | | | | |
| <hr/> | | | | | | | | |
| The Department of Defense Environmental Restoration Accounts: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | 1,297 | 1,270 | | | | |
| Outlays | O | -4 | 285 | 863 | | | | |
| Overseas humanitarian, disaster and civic aid: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 105 | 56 | 65 | | | | |
| Outlays | O | 106 | 123 | 60 | | | | |
| Defense reinvestment for economic growth: | | | | | | | | |
| Outlays | 051 O | 20 | | | | | | |
| Former Soviet Union threat reduction account: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 440 | 458 | 458 | | | | |
| Outlays | O | 321 | 664 | 358 | | | | |
| Payment to kaho'olawe: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 25 | 35 | 25 | | | | |
| Outlays | O | 25 | 35 | 25 | | | | |
| Emergency response fund: | | | | | | | | |
| Outlays | 051 O | 7 | | | | | | |
| Allied contributions and cooperation account: | | | | | | | | |
| Appropriation, mandatory | 051 BA | 208 | 210 | 215 | 215 | 215 | 215 | |
| Outlays | O | 126 | 224 | 216 | 216 | 216 | 215 | |
| <hr/> | | | | | | | | |
| Miscellaneous Special Funds: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 52 | 62 | 25 | | | | |
| Appropriation, mandatory | BA | 5 | 6 | 6 | 6 | 6 | 6 | |
| Outlays | O | 68 | 84 | 30 | 6 | 6 | 6 | |
| <hr/> | | | | | | | | |
| Total Miscellaneous Special Funds | BA | 57 | 68 | 31 | 6 | 6 | 6 | |
| | O | 68 | 84 | 30 | 6 | 6 | 6 | |
| <hr/> | | | | | | | | |
| Overseas military facility investment recovery: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 4 | 3 | | | | | |
| Outlays | O | 29 | 22 | 18 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | |
|---|-----------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Credit Accounts: | | | | | | | |
| Defense export loan guarantee program account: | | | | | | | |
| Limitation on loan guarantee commitments | 051 | (14,980) | (14,980) | (14,980) | | | |
| Defense vessel transfer program account: | | | | | | | |
| Appropriation, discretionary | 051 BA | 107 | | | | | |
| Total Federal funds Operation and Maintenance | BA | 104,990 | 104,862 | 109,285 | 107,485 | 109,112 | 112,230 |
| | O | 96,418 | 103,821 | 109,261 | 106,680 | 108,258 | 111,200 |
| | | | | | | | 114,780 |
| | | | | | | | 113,687 |
| Procurement | | | | | | | |
| <i>Federal funds</i> | | | | | | | |
| General and Special Funds: | | | | | | | |
| Aircraft procurement, Army: | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,391 | 1,444 | 1,323 | 63,021 | 66,710 | 67,652 |
| Spending authority from offsetting collections, discretionary | BA | 6 | 17 | 18 | 18 | 18 | 18 |
| Outlays | O | 1,543 | 1,407 | 1,327 | 54,093 | 60,002 | 63,524 |
| Aircraft procurement, Army (gross) | BA | 1,397 | 1,461 | 1,341 | 63,039 | 66,728 | 67,670 |
| | O | 1,543 | 1,407 | 1,327 | 54,093 | 60,002 | 63,524 |
| Change in receivables and unpaid, unfilled orders | BA | 5 | | | | | |
| Total, offsetting collections | | -11 | -17 | -18 | -18 | -18 | -18 |
| Total Aircraft procurement, Army (net) | BA | 1,391 | 1,444 | 1,323 | 63,021 | 66,710 | 67,652 |
| | O | 1,532 | 1,390 | 1,309 | 54,075 | 59,984 | 63,506 |
| | | | | | | | 70,931 |
| | | | | | | | 66,116 |
| Missile procurement, Army: | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,210 | 1,303 | 1,296 | | | |
| Spending authority from offsetting collections, discretionary | BA | 63 | 496 | 115 | | | |
| Outlays | O | 881 | 1,554 | 1,256 | | | |
| Missile procurement, Army (gross) | BA | 1,273 | 1,799 | 1,411 | | | |
| | O | 881 | 1,554 | 1,256 | | | |
| Change in receivables and unpaid, unfilled orders | BA | 37 | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | |
| Total, offsetting collections | | -98 | -496 | -115 | | | |
| Total Missile procurement, Army (net) | BA | 1,210 | 1,303 | 1,296 | | | |
| | O | 783 | 1,058 | 1,141 | | | |
| | | | | | | | 70,931 |
| | | | | | | | 66,116 |
| Procurement of weapons and tracked combat vehicles, Army: | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,538 | 1,562 | 1,875 | | | |
| Spending authority from offsetting collections, discretionary | BA | 24 | 34 | 61 | | | |
| Outlays | O | 1,614 | 1,425 | 1,618 | | | |
| Procurement of weapons and tracked combat vehicles, Army (gross) | BA | 1,562 | 1,596 | 1,936 | | | |
| | O | 1,614 | 1,425 | 1,618 | | | |
| Change in receivables and unpaid, unfilled orders | BA | -11 | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -3 | | | | | |
| Total, offsetting collections | | -10 | -34 | -61 | | | |
| Total Procurement of weapons and tracked combat vehicles, Army (net) | BA | 1,538 | 1,562 | 1,875 | | | |
| | O | 1,604 | 1,391 | 1,557 | | | |
| | | | | | | | 70,931 |
| | | | | | | | 66,116 |
| Procurement of ammunition, Army: | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,189 | 1,187 | 1,131 | | | |
| Spending authority from offsetting collections, discretionary | BA | 380 | 405 | 400 | | | |
| Outlays | O | 1,248 | 1,574 | 1,461 | | | |
| Procurement of ammunition, Army (gross) | BA | 1,569 | 1,592 | 1,531 | | | |
| | O | 1,248 | 1,574 | 1,461 | | | |
| Change in receivables and unpaid, unfilled orders | BA | -345 | | | | | |
| Total, offsetting collections | | -34 | -405 | -400 | | | |
| Total Procurement of ammunition, Army (net) | BA | 1,190 | 1,187 | 1,131 | | | |
| | O | 1,214 | 1,169 | 1,061 | | | |
| | | | | | | | 70,931 |
| | | | | | | | 66,116 |
| Other procurement, Army: | | | | | | | |
| Appropriation, discretionary | 051 BA | 3,425 | 3,737 | 3,796 | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|--------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 63 | 63 | | | | |
| Outlays | O | 3,156 | 3,239 | 3,471 | | | | |
| Other procurement, Army (gross) | BA | 3,427 | 3,800 | 3,859 | | | | |
| | O | 3,156 | 3,239 | 3,471 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 32 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -32 | -63 | -63 | | | | |
| Total Other procurement, Army (net) | BA | 3,425 | 3,737 | 3,796 | | | | |
| | O | 3,124 | 3,176 | 3,408 | | | | |
| Aircraft procurement, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 7,632 | 8,650 | 7,964 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 7 | 7 | | | | |
| Outlays | O | 6,027 | 7,217 | 7,486 | | | | |
| Aircraft procurement, Navy (gross) | BA | 7,633 | 8,657 | 7,971 | | | | |
| | O | 6,027 | 7,217 | 7,486 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Total, offsetting collections | | -3 | -7 | -7 | | | | |
| Total Aircraft procurement, Navy (net) | BA | 7,632 | 8,650 | 7,964 | | | | |
| | O | 6,024 | 7,210 | 7,479 | | | | |
| Weapons procurement, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,614 | 1,394 | 1,434 | | | | |
| Spending authority from offsetting collections, discretionary | BA | -17 | 10 | 10 | | | | |
| Outlays | O | 1,331 | 1,343 | 1,367 | | | | |
| Weapons procurement, Navy (gross) | BA | 1,597 | 1,404 | 1,444 | | | | |
| | O | 1,331 | 1,343 | 1,367 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 69 | | | | | | |
| Total, offsetting collections | | -52 | -10 | -10 | | | | |
| Total Weapons procurement, Navy (net) | BA | 1,614 | 1,394 | 1,434 | | | | |
| | O | 1,279 | 1,333 | 1,357 | | | | |
| Procurement of ammunition, Navy and Marine Corps: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 458 | 585 | 430 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 12 | 10 | 10 | | | | |
| Outlays | O | 406 | 440 | 425 | | | | |
| Procurement of ammunition, Navy and Marine Corps (gross) | BA | 470 | 595 | 440 | | | | |
| | O | 406 | 440 | 425 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -11 | -10 | -10 | | | | |
| Total Procurement of ammunition, Navy and Marine Corps (net) | BA | 458 | 585 | 430 | | | | |
| | O | 395 | 430 | 415 | | | | |
| Shipbuilding and conversion, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 5,918 | 6,936 | 12,297 | | | | |
| Outlays | O | 6,912 | 5,823 | 6,398 | | | | |
| Shipbuilding and conversion, Navy (gross) | BA | 5,918 | 6,936 | 12,297 | | | | |
| | O | 6,912 | 5,823 | 6,398 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 215 | | | | | | |
| Total, offsetting collections | | -215 | | | | | | |
| Total Shipbuilding and conversion, Navy (net) | BA | 5,918 | 6,936 | 12,297 | | | | |
| | O | 6,697 | 5,823 | 6,398 | | | | |
| Other procurement, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 4,055 | 4,262 | 3,335 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 54 | 42 | 42 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 3,421 | 3,915 | 3,828 | | | | |
| Other procurement, Navy (gross) | BA | 4,109 | 4,304 | 3,377 | | | | |
| | O | 3,421 | 3,915 | 3,828 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 12 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -8 | | | | | | |
| Total, offsetting collections | | -58 | -42 | -42 | | | | |
| Total Other procurement, Navy (net) | BA | 4,055 | 4,262 | 3,335 | | | | |
| | O | 3,363 | 3,873 | 3,786 | | | | |
| Coastal defense augmentation: | | | | | | | | |
| Outlays | 051 O | | 6 | 6 | | | | |
| Procurement, Marine Corps: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 862 | 1,290 | 1,172 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 9 | 9 | | | | |
| Outlays | O | 593 | 826 | 1,026 | | | | |
| Procurement, Marine Corps (gross) | BA | 863 | 1,299 | 1,181 | | | | |
| | O | 593 | 826 | 1,026 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | | -9 | -9 | | | | |
| Total Procurement, Marine Corps (net) | BA | 862 | 1,290 | 1,172 | | | | |
| | O | 593 | 817 | 1,017 | | | | |
| Aircraft procurement, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 8,303 | 8,442 | 9,540 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 42 | 45 | 50 | | | | |
| Outlays | O | 8,943 | 7,098 | 8,333 | | | | |
| | | | ^ 13 | ^ 29 | | | | |
| Aircraft procurement, Air Force (gross) | BA | 8,345 | 8,560 | 9,590 | | | | |
| | O | 8,943 | 7,111 | 8,362 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -28 | | | | | | |
| Total, offsetting collections | | -15 | -45 | -50 | | | | |
| Total Aircraft procurement, Air Force (net) | BA | 8,303 | 8,515 | 9,540 | | | | |
| | O | 8,928 | 7,066 | 8,312 | | | | |
| Missile procurement, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2,223 | 2,056 | 3,062 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 29 | 75 | 75 | | | | |
| Outlays | O | 2,361 | 2,266 | 2,365 | | | | |
| Missile procurement, Air Force (gross) | BA | 2,252 | 2,131 | 3,137 | | | | |
| | O | 2,361 | 2,266 | 2,365 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 37 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Total, offsetting collections | | -62 | -75 | -75 | | | | |
| Total Missile procurement, Air Force (net) | BA | 2,223 | 2,056 | 3,062 | | | | |
| | O | 2,299 | 2,191 | 2,290 | | | | |
| Procurement of ammunition, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 399 | 582 | 639 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 8 | 13 | 13 | | | | |
| Outlays | O | 393 | 428 | 472 | | | | |
| Procurement of ammunition, Air Force (gross) | BA | 407 | 595 | 652 | | | | |
| | O | 393 | 428 | 472 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -3 | | | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -4 | -13 | -13 | | | | |
| Total Procurement of ammunition, Air Force (net) | BA | 398 | 582 | 639 | | | | |
| | O | 389 | 415 | 459 | | | | |
| Other procurement, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 7,509 | 7,177 | 7,699 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 81 | 300 | 300 | | | | |
| Outlays | O | 6,849 | 7,504 | 7,838 | | | | |
| Other procurement, Air Force (gross) | BA | 7,590 | 7,477 | 7,999 | | | | |
| | O | 6,849 | 7,504 | 7,838 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 7 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -10 | | | | | | |
| Total, offsetting collections | | -78 | -300 | -300 | | | | |
| Total Other procurement, Air Force (net) | BA | 7,509 | 7,177 | 7,699 | | | | |
| | O | 6,771 | 7,204 | 7,538 | | | | |
| Procurement, Defense-wide: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2,059 | 2,354 | 2,275 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 74 | 108 | 108 | | | | |
| Outlays | O | 2,218 | 2,201 | 2,349 | | | | |
| Procurement, Defense-wide (gross) | BA | 2,133 | 2,462 | 2,383 | | | | |
| | O | 2,218 | 2,201 | 2,349 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -22 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -50 | -108 | -108 | | | | |
| Total Procurement, Defense-wide (net) | BA | 2,059 | 2,354 | 2,275 | | | | |
| | O | 2,168 | 2,093 | 2,241 | | | | |
| National guard and reserve equipment: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 358 | 149 | | | | | |
| Outlays | O | 716 | 531 | 288 | | | | |
| Defense production act purchases: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | 3 | | | | | |
| Outlays | O | 11 | 7 | 7 | | | | |
| Chemical agents and munitions destruction, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 777 | 1,022 | 1,004 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 3 | 5 | 5 | | | | |
| Outlays | O | 941 | 794 | 894 | | | | |
| Chemical agents and munitions destruction, Army (gross) | BA | 780 | 1,027 | 1,009 | | | | |
| | O | 941 | 794 | 894 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 2 | | | | | | |
| Total, offsetting collections | | -5 | -5 | -5 | | | | |
| Total Chemical agents and munitions destruction, Army (net) | BA | 777 | 1,022 | 1,004 | | | | |
| | O | 936 | 789 | 889 | | | | |
| Total Federal funds Procurement | BA | 50,920 | 54,208 | 60,272 | 63,021 | 66,710 | 67,652 | 70,931 |
| | O | 48,826 | 47,972 | 50,958 | 54,075 | 59,984 | 63,506 | 66,116 |

Research, Development, Test, and Evaluation

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-------|-------|-------|--------|--------|--------|--------|
| Research, development, test, and evaluation, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 5,054 | 5,200 | 5,260 | 38,371 | 37,564 | 37,452 | 36,361 |
| Spending authority from offsetting collections, discretionary | BA | 1,725 | 1,268 | 1,320 | 4,071 | 4,071 | 4,071 | 4,071 |
| Outlays | O | 6,594 | 6,307 | 6,571 | 41,608 | 41,395 | 41,206 | 40,603 |
| Research, development, test, and evaluation, Army (gross) | BA | 6,779 | 6,468 | 6,580 | 42,442 | 41,635 | 41,523 | 40,432 |
| | O | 6,594 | 6,307 | 6,571 | 41,608 | 41,395 | 41,206 | 40,603 |
| Change in receivables and unpaid, unfilled orders | BA | -149 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -9 | | | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------------|-----------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -1,567 | -1,268 | -1,320 | -4,071 | -4,071 | -4,071 | -4,071 |
| Total Research, development, test, and evaluation, Army (net) | BA | 5,054 | 5,200 | 5,260 | 38,371 | 37,564 | 37,452 | 36,361 |
| | O | 5,027 | 5,039 | 5,251 | 37,537 | 37,324 | 37,135 | 36,532 |
| Research, development, test, and evaluation, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 8,977 | 9,001 | 8,477 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 197 | 185 | 185 | | | | |
| Outlays | O | 8,203 | 9,259 | 8,902 | | | | |
| Research, development, test, and evaluation, Navy (gross) | BA | 9,174 | 9,186 | 8,662 | | | | |
| | O | 8,203 | 9,259 | 8,902 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -30 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -16 | | | | | | |
| Total, offsetting collections | | -151 | -185 | -185 | | | | |
| Total Research, development, test, and evaluation, Navy (net) | BA | 8,977 | 9,001 | 8,477 | | | | |
| | O | 8,052 | 9,074 | 8,717 | | | | |
| Research, development, test, and evaluation, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 13,807 | 14,194 | 13,686 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1,775 | 2,050 | 2,050 | | | | |
| Outlays | O | 15,867 | 15,501 | 15,604 | | | | |
| Research, development, test, and evaluation, Air Force (gross) | BA | 15,582 | 16,244 | 15,736 | | | | |
| | O | 15,867 | 15,501 | 15,604 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -12 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -68 | | | | | | |
| Total, offsetting collections | | -1,695 | -2,050 | -2,050 | | | | |
| Total Research, development, test, and evaluation, Air Force (net) | BA | 13,807 | 14,194 | 13,686 | | | | |
| | O | 14,172 | 13,451 | 13,554 | | | | |
| F-22 transfer account: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | 293 | | | | | |
| Outlays | O | | | 179 | | | | |
| Research, development, test, and evaluation, Defense-wide: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 10,146 | 9,388 | 10,238 | | | | |
| | | | ^A -15 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 380 | 433 | 515 | | | | |
| Outlays | O | 10,087 | 9,984 | 10,265 | | | | |
| | | | ^A -7 | ^A -6 | | | | |
| Research, development, test, and evaluation, Defense-wide (gross) | BA | 10,526 | 9,806 | 10,753 | | | | |
| | O | 10,087 | 9,977 | 10,259 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -119 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -260 | -433 | -515 | | | | |
| Total Research, development, test, and evaluation, Defense-wide (net) | BA | 10,146 | 9,373 | 10,238 | | | | |
| | O | 9,827 | 9,544 | 9,744 | | | | |
| Developmental test and evaluation, Defense: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 259 | 265 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 5 | | | | | | |
| Outlays | O | 260 | 253 | 144 | | | | |
| Developmental test and evaluation, Defense (gross) | BA | 264 | 265 | | | | | |
| | O | 260 | 253 | 144 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 2 | | | | | | |
| Total, offsetting collections | | -7 | | | | | | |
| Total Developmental test and evaluation, Defense (net) | BA | 259 | 265 | | | | | |
| | O | 253 | 253 | 144 | | | | |
| Operational test and evaluation, Defense: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 47 | 31 | 202 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 32 | 39 | 107 | | | | |
| Total Federal funds Research, Development, Test, and Evaluation | BA | 38,290 | 38,357 | 37,863 | 38,371 | 37,564 | 37,452 | 36,361 |
| | O | 37,363 | 37,400 | 37,696 | 37,537 | 37,324 | 37,135 | 36,532 |

Military Construction
Federal funds

General and Special Funds:

Military construction, Army:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 051 BA | 992 | 1,037 | 898 | 3,765 | 3,574 | 4,515 | 5,349 |
| Advance appropriation, discretionary | BA | | | | 510 | 231 | 61 | 19 |
| Spending authority from offsetting collections, discretionary | BA | 2,602 | 2,000 | 2,000 | 2,373 | 2,373 | 2,373 | 2,373 |
| Outlays | O | 3,157 | 2,819 | 2,958 | 6,941 | 6,458 | 6,367 | 6,731 |
| Military construction, Army (gross) | BA | 3,594 | 3,037 | 2,898 | 6,648 | 6,178 | 6,949 | 7,741 |
| | O | 3,157 | 2,819 | 2,958 | 6,941 | 6,458 | 6,367 | 6,731 |
| Change in receivables and unpaid, unfilled orders | BA | -225 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -8 | | | | | | |
| Total, offsetting collections | | -2,369 | -2,000 | -2,000 | -2,373 | -2,373 | -2,373 | -2,373 |
| Total Military construction, Army (net) | BA | 992 | 1,037 | 898 | 4,275 | 3,805 | 4,576 | 5,368 |
| | O | 788 | 819 | 958 | 4,568 | 4,085 | 3,994 | 4,358 |

Military construction, Navy:

| | | | | | | | | |
|---|--------|------------|--------------|--------------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 609 | 897 | 753 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 362 | 354 | 354 | | | | |
| Outlays | O | 1,048 | 992 | 1,142 | | | | |
| Military construction, Navy (gross) | BA | 971 | 1,251 | 1,107 | | | | |
| | O | 1,048 | 992 | 1,142 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 11 | | | | | | |
| Total, offsetting collections | | -373 | -354 | -354 | | | | |
| Total Military construction, Navy (net) | BA | 609 | 897 | 753 | | | | |
| | O | 675 | 638 | 788 | | | | |

Military construction, Air Force:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|------------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 642 | 784 | 531 | | | | |
| Outlays | O | 712 | 698 | 717 | | | | |

Military construction, Defense-wide:

| | | | | | | | | |
|---|--------|------------|-----------------|-----------------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 551 | 591 | 785 | | | | |
| | | | ^A 39 | | | | | |
| Outlays | O | 631 | 603 | 626 | | | | |
| | | | ^A 4 | ^A 15 | | | | |
| Total Military construction, Defense-wide | BA | 551 | 630 | 785 | | | | |
| | O | 631 | 607 | 641 | | | | |

North Atlantic Treaty Organization Security Investment Program:

| | | | | | | | | |
|--|--------|------------|-----------|------------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 245 | 81 | 190 | | | | |
| Spending authority from offsetting collections, discretionary | BA | | 11 | 11 | | | | |
| Outlays | O | 85 | 86 | 298 | | | | |
| North Atlantic Treaty Organization Security Investment Program (gross) | BA | 245 | 92 | 201 | | | | |
| | O | 85 | 86 | 298 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 16 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -17 | -11 | -11 | | | | |
| Total North Atlantic Treaty Organization Security Investment Program (net) | BA | 245 | 81 | 190 | | | | |
| | O | 68 | 75 | 287 | | | | |

Military construction, Army National Guard:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|-----------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 151 | 236 | 59 | | | | |
| Outlays | O | 153 | 144 | 163 | | | | |

Military construction, Air National Guard:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|-----------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 186 | 262 | 50 | | | | |
| Outlays | O | 215 | 187 | 210 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Military construction, Army Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 102 | 111 | 82 | | | | |
| Outlays | O | 76 | 89 | 92 | | | | |
| Military construction, Naval Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 32 | 28 | 16 | | | | |
| Outlays | O | 48 | 31 | 29 | | | | |
| Military construction, Air Force Reserve: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 34 | 64 | 15 | | | | |
| Outlays | O | 38 | 36 | 44 | | | | |
| Military construction transfer fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 181 | | | | | | |
| Base realignment and closure account: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,618 | 664 | 1,170 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 7 | 8 | 8 | | | | |
| Outlays | O | 2,117 | 1,451 | 1,060 | | | | |
| Base realignment and closure account (gross) | BA | 1,625 | 672 | 1,178 | | | | |
| Outlays | O | 2,117 | 1,451 | 1,060 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -7 | | | | | | |
| Total, offsetting collections | | | -8 | -8 | | | | |
| Total Base realignment and closure account (net) | BA | 1,618 | 664 | 1,170 | | | | |
| Outlays | O | 2,117 | 1,443 | 1,052 | | | | |
| Foreign currency fluctuations, construction: | | | | | | | | |
| Reappropriation, discretionary | 051 BA | 63 | | | | | | |
| Total Federal funds Military Construction | BA | 5,406 | 4,794 | 4,549 | 4,275 | 3,805 | 4,576 | 5,368 |
| Outlays | O | 5,521 | 4,767 | 4,981 | 4,568 | 4,085 | 3,994 | 4,358 |

Family Housing

Federal funds

General and Special Funds:

Family housing, Army:

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 051 BA | 1,252 | 1,161 | 1,140 | 3,708 | 3,863 | 3,983 | 4,085 |
| Spending authority from offsetting collections, discretionary | BA | 16 | 19 | 22 | 82 | 82 | 82 | 82 |
| Outlays | O | 1,269 | 1,284 | 1,171 | 3,755 | 3,916 | 3,939 | 4,051 |
| Family housing, Army (gross) | BA | 1,268 | 1,180 | 1,162 | 3,790 | 3,945 | 4,065 | 4,167 |
| Outlays | O | 1,269 | 1,284 | 1,171 | 3,755 | 3,916 | 3,939 | 4,051 |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -15 | -19 | -22 | -82 | -82 | -82 | -82 |
| Total Family housing, Army (net) | BA | 1,252 | 1,161 | 1,140 | 3,708 | 3,863 | 3,983 | 4,085 |
| Outlays | O | 1,254 | 1,265 | 1,149 | 3,673 | 3,834 | 3,857 | 3,969 |

Family housing, Navy and Marine Corps:

| | | | | | | | | |
|---|--------|-------|-------|-------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 1,216 | 1,226 | 1,245 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 13 | 21 | 21 | | | | |
| Outlays | O | 1,348 | 1,324 | 1,259 | | | | |
| Family housing, Navy and Marine Corps (gross) | BA | 1,229 | 1,247 | 1,266 | | | | |
| Outlays | O | 1,348 | 1,324 | 1,259 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Total, offsetting collections | | -17 | -21 | -21 | | | | |
| Total Family housing, Navy and Marine Corps (net) | BA | 1,216 | 1,226 | 1,245 | | | | |
| Outlays | O | 1,331 | 1,303 | 1,238 | | | | |

Family housing, Air Force:

| | | | | | | | | |
|---|--------|-------|-------|-------|--|--|--|--|
| Appropriation, discretionary | 051 BA | 1,082 | 1,162 | 1,050 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 11 | 11 | 11 | | | | |
| Outlays | O | 1,040 | 1,121 | 1,146 | | | | |
| Family housing, Air Force (gross) | BA | 1,093 | 1,173 | 1,061 | | | | |
| Outlays | O | 1,040 | 1,121 | 1,146 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -11 | -11 | -11 | | | | |
| Total Family housing, Air Force (net) | BA | 1,082 | 1,162 | 1,050 | | | | |
| | O | 1,029 | 1,110 | 1,135 | | | | |
| Family housing, Defense-wide: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 37 | 41 | 45 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 2 | 3 | 3 | | | | |
| Outlays | O | 37 | 44 | 47 | | | | |
| Family housing, Defense-wide (gross) | BA | 39 | 44 | 48 | | | | |
| | O | 37 | 44 | 47 | | | | |
| Total, offsetting collections | | -2 | -3 | -3 | | | | |
| Total Family housing, Defense-wide (net) | BA | 37 | 41 | 45 | | | | |
| | O | 35 | 41 | 44 | | | | |
| Public Enterprise Funds: | | | | | | | | |
| Homeowners assistance fund, Defense: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 7 | 5 | 4 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 46 | 30 | 25 | | | | |
| Outlays | O | 80 | 43 | 35 | | | | |
| Homeowners assistance fund, Defense (gross) | BA | 53 | 35 | 29 | | | | |
| | O | 80 | 43 | 35 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -44 | -30 | -25 | | | | |
| Total Homeowners assistance fund, Defense (net) | BA | 7 | 5 | 4 | | | | |
| | O | 36 | 13 | 10 | | | | |
| Credit Accounts: | | | | | | | | |
| Department of Defense, Family Housing Improvement Fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2 | 2 | | | | | |
| Outlays | O | 7 | 21 | 13 | | | | |
| Department of Defense, Military Unaccompanied Housing Improvement Fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | -5 | | | | | | |
| Total Federal funds Family Housing | BA | 3,591 | 3,597 | 3,484 | 3,708 | 3,863 | 3,983 | 4,085 |
| | O | 3,692 | 3,753 | 3,589 | 3,673 | 3,834 | 3,857 | 3,969 |

Revolving and Management Funds

Federal funds

| | | | | | | | | |
|---|--------|------------|------------|------------|---------------|---------------|---------------|---------------|
| Public Enterprise Funds: | | | | | | | | |
| National defense stockpile transaction fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | | 768 | 731 | 440 | 449 | |
| Spending authority from offsetting collections, discretionary | BA | 299 | 298 | 306 | 73,814 | 73,814 | 73,814 | 73,814 |
| Outlays | O | 240 | 245 | 299 | 74,913 | 74,664 | 74,473 | 74,332 |
| National defense stockpile transaction fund (gross) | BA | 299 | 298 | 306 | 74,582 | 74,545 | 74,254 | 74,263 |
| | O | 240 | 245 | 299 | 74,913 | 74,664 | 74,473 | 74,332 |
| Total, offsetting collections | | -449 | -448 | -456 | -73,814 | -73,814 | -73,814 | -73,814 |
| Total National defense stockpile transaction fund (net) | BA | -150 | -150 | -150 | 768 | 731 | 440 | 449 |
| | O | -209 | -203 | -157 | 1,099 | 850 | 659 | 518 |
| Reserve mobilization income insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 051 BA | 1 | | | | | | |
| Outlays | O | 5 | | | | | | |
| Reserve mobilization income insurance fund (gross) | BA | 1 | | | | | | |
| | O | 5 | | | | | | |
| Total, offsetting collections | | -1 | | | | | | |
| Total Reserve mobilization income insurance fund (net) | BA | | | | | | | |
| | O | 4 | | | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|---------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Intragovernmental Funds: | | | | | | | | |
| Pentagon reservation maintenance revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 051 BA | 386 | 379 | 384 | 384 | 384 | 384 | 384 |
| Outlays | O | 35 | 263 | 264 | 384 | 384 | 384 | 384 |
| Pentagon reservation maintenance revolving fund (gross) | BA | 386 | 379 | 384 | 384 | 384 | 384 | 384 |
| | O | 35 | 263 | 264 | 384 | 384 | 384 | 384 |
| Change in receivables and unpaid, unfilled orders | BA | -274 | 3 | 5 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -112 | -382 | -389 | -384 | -384 | -384 | -384 |
| Total Pentagon reservation maintenance revolving fund (net) | BA | -1 | | | | | | |
| | O | -77 | -119 | -125 | | | | |
| National defense sealift fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 594 | 702 | 388 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 643 | 768 | 805 | | | | |
| Outlays | O | 1,916 | 1,511 | 1,465 | | | | |
| National defense sealift fund (gross) | BA | 1,237 | 1,470 | 1,193 | | | | |
| | O | 1,916 | 1,511 | 1,465 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 119 | | | | | | |
| Total, offsetting collections | | -762 | -768 | -805 | | | | |
| Total National defense sealift fund (net) | BA | 594 | 702 | 388 | | | | |
| | O | 1,154 | 743 | 660 | | | | |
| Working capital fund, Army: | | | | | | | | |
| Appropriation, discretionary | 051 BA | | 62 | | | | | |
| Contract authority, mandatory | BA | 9 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 8,818 | 7,604 | 6,854 | | | | |
| Outlays | O | 8,292 | 8,533 | 6,803 | | | | |
| Working capital fund, Army (gross) | BA | 8,827 | 7,666 | 6,854 | | | | |
| | O | 8,292 | 8,533 | 6,803 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -301 | 1,028 | -57 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -8,518 | -8,632 | -6,797 | | | | |
| Total Working capital fund, Army (net) | BA | 9 | 62 | | | | | |
| | O | -226 | -99 | 6 | | | | |
| Working capital fund, Navy: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 2 | | | | | | |
| Contract authority, mandatory | BA | 13 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 20,475 | 19,798 | 20,011 | | | | |
| Outlays | O | 20,089 | 19,145 | 18,944 | | | | |
| Working capital fund, Navy (gross) | BA | 20,490 | 19,798 | 20,011 | | | | |
| | O | 20,089 | 19,145 | 18,944 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -347 | -340 | -1,166 | | | | |
| Total, offsetting collections | | -20,128 | -19,458 | -18,845 | | | | |
| Total Working capital fund, Navy (net) | BA | 15 | | | | | | |
| | O | -39 | -313 | 99 | | | | |
| Working capital fund, Air Force: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 31 | 28 | | | | | |
| Contract authority, mandatory | BA | 1,480 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 19,074 | 18,913 | 20,229 | | | | |
| Outlays | O | 19,560 | 18,835 | 19,756 | | | | |
| Working capital fund, Air Force (gross) | BA | 20,585 | 18,941 | 20,229 | | | | |
| | O | 19,560 | 18,835 | 19,756 | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 207 | 191 | -470 | | | | |
| Total, offsetting collections | | -19,281 | -19,104 | -19,759 | | | | |
| Total Working capital fund, Air Force (net) | BA | 1,511 | 28 | | | | | |
| | O | 279 | -269 | -3 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|---------|-------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Working capital fund, Defense wide: | | | | | | | | |
| Appropriation, discretionary | 051 BA | -569 | | | | | | |
| Contract authority, mandatory | BA | 2,660 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 19,998 | 19,521 | 20,244 | | | | |
| Outlays | O | 18,937 | 20,887 | 20,245 | | | | |
| <hr/> | | | | | | | | |
| Working capital fund, Defense wide (gross) | BA | 22,089 | 19,521 | 20,244 | | | | |
| | O | 18,937 | 20,887 | 20,245 | | | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -191 | -41 | -144 | | | | |
| Total, offsetting collections | | -19,807 | -19,480 | -20,100 | | | | |
| <hr/> | | | | | | | | |
| Total Working capital fund, Defense wide (net) | BA | 2,091 | | | | | | |
| | O | -870 | 1,407 | 145 | | | | |
| <hr/> | | | | | | | | |
| Working capital fund, Defense Commissary Agency: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 1,051 | 1,009 | 916 | | | | |
| Contract authority, mandatory | BA | 259 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 4,991 | 5,205 | 5,193 | | | | |
| Outlays | O | 5,934 | 6,012 | 6,048 | | | | |
| <hr/> | | | | | | | | |
| Working capital fund, Defense Commissary Agency (gross) | BA | 6,301 | 6,214 | 6,109 | | | | |
| | O | 5,934 | 6,012 | 6,048 | | | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 23 | -232 | -124 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -5,013 | -4,973 | -5,069 | | | | |
| <hr/> | | | | | | | | |
| Total Working capital fund, Defense Commissary Agency (net) | BA | 1,310 | 1,009 | 916 | | | | |
| | O | 921 | 1,039 | 979 | | | | |
| <hr/> | | | | | | | | |
| Buildings maintenance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 051 BA | 23 | 27 | 29 | 29 | 29 | 29 | 29 |
| Outlays | O | 6 | 37 | 29 | 29 | 29 | 29 | 29 |
| <hr/> | | | | | | | | |
| Buildings maintenance fund (gross) | BA | 23 | 27 | 29 | 29 | 29 | 29 | 29 |
| | O | 6 | 37 | 29 | 29 | 29 | 29 | 29 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | -11 | | | | | | |
| Total, offsetting collections | | -12 | -27 | -29 | -29 | -29 | -29 | -29 |
| <hr/> | | | | | | | | |
| Total Buildings maintenance fund (net) | BA | | | | | | | |
| | O | -6 | 10 | | | | | |
| <hr/> | | | | | | | | |
| Army conventional ammunition working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 051 BA | -18 | 125 | 72 | 40 | 12 | | |
| Outlays | O | 786 | 549 | 70 | 40 | 12 | | |
| <hr/> | | | | | | | | |
| Army conventional ammunition working capital fund (gross) | BA | -18 | 125 | 72 | 40 | 12 | | |
| | O | 786 | 549 | 70 | 40 | 12 | | |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 851 | 157 | | | | | |
| Total, offsetting collections | | -833 | -282 | -72 | -40 | -12 | | |
| <hr/> | | | | | | | | |
| Total Army conventional ammunition working capital fund (net) | BA | | | | | | | |
| | O | -47 | 267 | -2 | | | | |
| <hr/> | | | | | | | | |
| Total Federal funds Revolving and Management Funds | BA | 5,379 | 1,651 | 1,154 | 768 | 731 | 440 | 449 |
| | O | 884 | 2,463 | 1,602 | 1,099 | 850 | 659 | 518 |

Allowances

Federal funds

General and Special Funds:

General transfer authority outlay allowance:

| | | | | | | | | |
|---|-------|--|--------------------|---------------------|-----|----|----|-------|
| Outlays | 051 O | | 230 | 220 | 100 | 40 | 20 | 10 |
| DoD-wide savings proposals: | | | | | | | | |
| Outlays | 051 O | | | | | | | 3,152 |
| Effect of proposed repeal of pay delay enacted in P.L. 106-113, DoD Military: | | | | | | | | |
| Outlays | 051 O | | ^A 3,454 | ^A -3,454 | | | | |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|----------|----------------|--------------------|---------------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Effect of proposed repeal of obligation delays enacted in P.L. 106-113, DoD Military: | | | | | | | | |
| Outlays | 051 O | | ^A 1,250 | ^A -1,250 | | | | |
| Total Federal funds Allowances | O | | 4,934 | -4,484 | 100 | 40 | 20 | 3,162 |
| Trust Funds | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Voluntary separation incentive fund: | | | | | | | | |
| Appropriation, mandatory | 051 BA | 173 | 143 | 76 | 158 | 159 | 159 | 158 |
| Outlays | O | 156 | 159 | 159 | 159 | 159 | 159 | 158 |
| Host Nation support fund for relocation: | | | | | | | | |
| Appropriation, mandatory | 051 BA | | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | | 6 | 6 | 6 | 6 | 6 | 6 |
| Other DOD trust funds: | | | | | | | | |
| Appropriation, mandatory | 051 BA | 35 | 30 | 30 | 30 | 30 | 30 | 30 |
| Outlays | O | 39 | 30 | 30 | 30 | 30 | 30 | 30 |
| National security education trust fund: | | | | | | | | |
| Appropriation, discretionary | 051 BA | 3 | 8 | 7 | 10 | 10 | 10 | 10 |
| Outlays | O | 6 | 8 | 7 | 10 | 10 | 10 | 10 |
| Foreign national employees separation pay: | | | | | | | | |
| Appropriation, mandatory | 051 BA | 15 | 12 | 12 | 12 | 12 | 12 | 12 |
| Outlays | O | 27 | 12 | 12 | 12 | 12 | 12 | 12 |
| Other DoD trust revolving funds: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 051 BA | 17 | 15 | 15 | 15 | 15 | 15 | 15 |
| Outlays | O | 17 | 16 | 14 | 15 | 15 | 15 | 15 |
| Other DoD trust revolving funds (gross) | BA | 17 | 15 | 15 | 15 | 15 | 15 | 15 |
| | O | 17 | 16 | 14 | 15 | 15 | 15 | 15 |
| Change in receivables and unpaid, unfilled orders | BA | | 1 | | | | | |
| Total, offsetting collections | | -17 | -16 | -15 | -15 | -15 | -15 | -15 |
| Total Other DoD trust revolving funds (net) | BA | | | | | | | |
| | O | | | -1 | | | | |
| Surcharge collections, sales of commissary stores, defense: | | | | | | | | |
| Contract authority, mandatory | 051 BA | 68 | 37 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 259 | 263 | 262 | 262 | 262 | 262 | 262 |
| Outlays | O | 350 | 353 | 288 | 262 | 262 | 262 | 262 |
| Surcharge collections, sales of commissary stores, defense (gross) | BA | 327 | 300 | 262 | 262 | 262 | 262 | 262 |
| | O | 350 | 353 | 288 | 262 | 262 | 262 | 262 |
| Change in receivables and unpaid, unfilled orders | BA | 25 | -25 | | | | | |
| Total, offsetting collections | | -284 | -238 | -262 | -262 | -262 | -262 | -262 |
| Total Surcharge collections, sales of commissary stores, defense (net) | BA | 68 | 37 | | | | | |
| | O | 66 | 115 | 26 | | | | |
| Total Trust funds Trust Funds | BA | 294 | 236 | 131 | 216 | 217 | 217 | 216 |
| | O | 294 | 330 | 239 | 217 | 217 | 217 | 216 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 279,225 | 281,161 | 292,408 | 296,077 | 302,175 | 309,418 | 317,559 |
| | O | 262,207 | 278,619 | 278,697 | 285,554 | 294,269 | 302,978 | 316,949 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 051 BA/O | -25 | -35 | -25 | | | | |
| Proprietary receipts from the public | 051 BA/O | -958 | -1,314 | -1,366 | -1,372 | -1,336 | -1,221 | -1,236 |
| Offsetting governmental receipts | 051 BA/O | -5 | -6 | -6 | -6 | -6 | -6 | -6 |
| Total Federal funds | BA | 278,237 | 279,806 | 291,011 | 294,699 | 300,833 | 308,191 | 316,317 |
| | O | 261,219 | 277,264 | 277,300 | 284,176 | 292,927 | 301,751 | 315,707 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 294 | 236 | 131 | 216 | 217 | 217 | 216 |
| | O | 294 | 330 | 239 | 217 | 217 | 217 | 216 |

DEPARTMENT OF DEFENSE—MILITARY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Interfund transactions | 051 BA/O | -133 | -118 | -55 | -118 | -118 | -118 | -118 |
| Total Department of Defense—Military | BA | 278,398 | 279,924 | 291,087 | 294,797 | 300,932 | 308,290 | 316,415 |
| | O | 261,380 | 277,476 | 277,484 | 284,275 | 293,026 | 301,850 | 315,805 |

DEPARTMENT OF EDUCATION
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---------|--|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |

Office of Elementary and Secondary Education

Federal funds

General and Special Funds:

Education Reform:

| | | | | | | | | |
|------------------------------------|--------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, discretionary | 501 BA | 1,314 | 1,765 | | | | | |
| | | | | <i>∇</i> 2,073 | <i>∇</i> 2,073 | <i>∇</i> 2,098 | <i>∇</i> 2,150 | <i>∇</i> 2,197 |
| Outlays | O | 887 | 1,125 | 1,385 | 892 | 242 | 84 | 18 |
| | | | | <i>∇</i> 104 | <i>∇</i> 933 | <i>∇</i> 1,763 | <i>∇</i> 1,983 | <i>∇</i> 2,099 |
| Total Education Reform | BA | 1,314 | 1,765 | 2,073 | 2,073 | 2,098 | 2,150 | 2,197 |
| | O | 887 | 1,125 | 1,489 | 1,825 | 2,005 | 2,067 | 2,117 |

Education for the disadvantaged:

| | | | | | | | | |
|---|--------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, discretionary | 501 BA | 2,222 | 2,496 | 30 | 30 | 30 | 31 | 32 |
| | | | | <i>∇</i> 2,915 | <i>∇</i> 2,915 | <i>∇</i> 2,950 | <i>∇</i> 3,023 | <i>∇</i> 3,090 |
| Advance appropriation, discretionary | BA | 1,448 | 6,205 | 6,205 | | | | |
| | | | | <i>∇</i> 6,205 | ∇ 6,205 | ∇ 6,205 | ∇ 6,205 | ∇ 6,205 |
| Outlays | O | 7,554 | 8,379 | 8,109 | 1,759 | 204 | 31 | 31 |
| | | | | <i>∇</i> 456 | <i>∇</i> 7,296 | <i>∇</i> 8,943 | <i>∇</i> 9,159 | <i>∇</i> 9,223 |
| Total Education for the disadvantaged | BA | 3,670 | 8,701 | 9,150 | 9,150 | 9,185 | 9,259 | 9,327 |
| | O | 7,554 | 8,379 | 8,565 | 9,055 | 9,147 | 9,190 | 9,254 |

Impact aid:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 501 BA | 864 | 906 | | | | | |
| | | | | <i>∇</i> 770 | <i>∇</i> 770 | <i>∇</i> 779 | <i>∇</i> 798 | <i>∇</i> 816 |
| Outlays | O | 1,081 | 1,034 | 102 | 28 | 1 | | |
| | | | | <i>∇</i> 689 | <i>∇</i> 752 | <i>∇</i> 777 | <i>∇</i> 797 | <i>∇</i> 814 |
| Total Impact aid | BA | 864 | 906 | 770 | 770 | 779 | 798 | 816 |
| | O | 1,081 | 1,034 | 791 | 780 | 778 | 797 | 814 |

School improvement programs:

| | | | | | | | | |
|---|--------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, discretionary | 501 BA | 2,811 | 1,492 | 202 | 202 | 204 | 209 | 214 |
| | | | | <i>∇</i> 2,200 | <i>∇</i> 2,200 | <i>∇</i> 2,226 | <i>∇</i> 2,282 | <i>∇</i> 2,332 |
| Advance appropriation, discretionary | BA | | | 1,515 | | | | |
| | | | | <i>∇</i> 1,515 | ∇ 1,515 | ∇ 1,515 | ∇ 1,515 | ∇ 1,515 |
| Spending authority from offsetting collections, discretionary | BA | 36 | | | | | | |
| Outlays | O | 1,362 | 2,527 | 2,628 | 1,155 | 467 | 203 | 208 |
| | | | | <i>∇</i> 186 | <i>∇</i> 2,601 | <i>∇</i> 3,532 | <i>∇</i> 3,740 | <i>∇</i> 3,784 |
| School improvement programs (gross) | BA | 2,847 | 1,492 | 3,917 | 3,917 | 3,945 | 4,006 | 4,061 |
| | O | 1,362 | 2,527 | 2,814 | 3,756 | 3,999 | 3,943 | 3,992 |
| Total, offsetting collections | | -36 | | | | | | |
| Total School improvement programs (net) | BA | 2,811 | 1,492 | 3,917 | 3,917 | 3,945 | 4,006 | 4,061 |
| | O | 1,326 | 2,527 | 2,814 | 3,756 | 3,999 | 3,943 | 3,992 |

Reading excellence:

| | | | | | | | | |
|--|--------|------------|-----------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 501 BA | 50 | 65 | | | | | |
| | | | | <i>∇</i> 91 | <i>∇</i> 91 | <i>∇</i> 92 | <i>∇</i> 94 | <i>∇</i> 96 |
| Advance appropriation, discretionary | BA | 210 | | 195 | | | | |
| | | | | <i>∇</i> 195 | ∇ 195 | ∇ 195 | ∇ 195 | ∇ 195 |

DEPARTMENT OF EDUCATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 8 | 12 | 10 | 10 | 11 | 11 | 11 |
| National technical institute for the deaf: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 46 | 48 | 51 | 51 | 52 | 53 | 54 |
| Outlays | O | 46 | 44 | 48 | 50 | 51 | 52 | 53 |
| Gallaudet University: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 83 | 86 | 88 | 88 | 89 | 91 | 93 |
| Outlays | O | 81 | 81 | 89 | 90 | 90 | 91 | 93 |
| Total Federal funds Office of Special Education and Rehabilitative Services | BA | 8,124 | 5,145 | 9,317 | 9,372 | 9,472 | 9,615 | 9,756 |
| | O | 7,292 | 8,412 | 8,731 | 9,219 | 9,407 | 9,524 | 9,657 |

Office of Vocational and Adult Education

Federal funds

General and Special Funds:

Vocational and adult education:

| | | | | | | | | |
|--|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 501 BA | 1,539 | 891 | 960 | 960 | 971 | 995 | 1,017 |
| Advance appropriation, discretionary | BA | | | 791 | 791 | 791 | 791 | 791 |
| Outlays | O | 1,364 | 1,547 | 1,642 | 1,724 | 1,748 | 1,761 | 1,780 |
| Total Vocational and adult education | BA | 1,539 | 891 | 1,751 | 1,751 | 1,762 | 1,786 | 1,808 |
| | O | 1,364 | 1,547 | 1,642 | 1,724 | 1,748 | 1,761 | 1,780 |

Office of Postsecondary Education

Federal funds

General and Special Funds:

Higher education:

| | | | | | | | | |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 502 BA | 1,310 | 1,529 | 1,756 | 1,756 | 1,777 | 1,821 | 1,861 |
| | | | | 40 | 40 | 40 | 41 | 42 |
| Outlays | O | 855 | 1,468 | 1,503 | 1,680 | 1,754 | 1,778 | 1,817 |
| | | | | 5 | 32 | 39 | 41 | 41 |
| Total Higher education | BA | 1,310 | 1,529 | 1,796 | 1,796 | 1,817 | 1,862 | 1,903 |
| | O | 855 | 1,468 | 1,508 | 1,712 | 1,793 | 1,819 | 1,858 |

Howard University:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 502 BA | 214 | 219 | 224 | 224 | 227 | 232 | 237 |
| Outlays | O | 220 | 210 | 224 | 224 | 226 | 232 | 237 |

Credit Accounts:

College housing and academic facilities loans, program account:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 502 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

College housing and academic facilities loans liquidating account:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory | 502 BA | 66 | 60 | 58 | 56 | 54 | 50 | 47 |
| Outlays | O | 22 | 23 | 23 | 22 | 20 | 20 | 19 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| College housing and academic facilities loans liquidating account (gross) | BA | 66 | 60 | 58 | 56 | 54 | 50 | 47 |
| | O | 22 | 23 | 23 | 22 | 20 | 20 | 19 |

| | | | | | | | | |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections | | -66 | -60 | -58 | -56 | -54 | -50 | -47 |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total College housing and academic facilities loans liquidating account (net) | BA | | | | | | | |
| | O | -44 | -37 | -35 | -34 | -34 | -30 | -28 |

| | | | | | | | | |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Total Federal funds Office of Postsecondary Education | BA | 1,525 | 1,749 | 2,021 | 2,021 | 2,045 | 2,095 | 2,141 |
| | O | 1,032 | 1,642 | 1,698 | 1,903 | 1,986 | 2,022 | 2,068 |

Office of Student Financial Assistance

Federal funds

General and Special Funds:

Student financial assistance:

| | | | | | | | | |
|------------------------------------|--------|-------|-------|--------|--------|--------|--------|--------|
| Appropriation, discretionary | 502 BA | 9,348 | 9,375 | 10,258 | 10,258 | 10,509 | 10,771 | 11,007 |
| Outlays | O | 9,125 | 9,363 | 9,829 | 10,349 | 10,308 | 10,553 | 10,810 |

Perkins Loan Revolving Fund:

| | | | | | | | | |
|---------------|-------|---|--|--|--|--|--|--|
| Outlays | 502 O | 1 | | | | | | |
|---------------|-------|---|--|--|--|--|--|--|

Credit Accounts:

Federal direct student loan program, program account:

| | | | | | | | | |
|------------------------------------|--------|---|--|--|--|--|--|--|
| Appropriation, discretionary | 502 BA | 1 | | | | | | |
|------------------------------------|--------|---|--|--|--|--|--|--|

DEPARTMENT OF EDUCATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Appropriation, mandatory | BA | 618 | 735 | 770 | 780 | 795 | 795 | 795 |
| Outlays | O | 627 | 681 | 722 | 783 | 795 | 796 | 796 |
| Limitation on mandatory administrative expenses | | (618) | | | | | | |
| Federal direct student loan program, program account (gross) | BA | 619 | 735 | 770 | 780 | 795 | 795 | 795 |
| | O | 627 | 681 | 722 | 783 | 795 | 796 | 796 |
| Total, offsetting collections | | -720 | -3,432 | -607 | -492 | -508 | -313 | -200 |
| Total Federal direct student loan program, program account (net) | BA | -101 | -2,697 | 163 | 288 | 287 | 482 | 595 |
| | O | -93 | -2,751 | 115 | 291 | 287 | 483 | 596 |
| Federal family education loan program account: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 47 | 48 | 48 | 48 | 49 | 50 | 51 |
| Appropriation, mandatory | BA | 3,332 | 4,507 | 4,004 | 4,218 | 3,967 | 3,582 | 3,775 |
| | | | | <i>O</i> -654 | <i>B</i> -689 | <i>B</i> -503 | <i>B</i> -326 | <i>B</i> -344 |
| Spending authority from offsetting collections, mandatory | BA | | 37 | | | | | |
| Outlays | O | 2,805 | 4,067 | 3,548 | 3,753 | 3,666 | 3,337 | 3,364 |
| | | | | <i>O</i> -387 | <i>B</i> -602 | <i>B</i> -505 | <i>B</i> -345 | <i>B</i> -301 |
| Federal family education loan program account (gross) | BA | 3,379 | 4,592 | 3,398 | 3,577 | 3,513 | 3,306 | 3,482 |
| | O | 2,805 | 4,067 | 3,161 | 3,151 | 3,161 | 2,992 | 3,063 |
| Total, offsetting collections | | | -37 | | | | | |
| | | | | <i>O</i> -590 | | | | |
| Total Federal family education loan program account (net) | BA | 3,379 | 4,555 | 2,808 | 3,577 | 3,513 | 3,306 | 3,482 |
| | O | 2,805 | 4,030 | 2,571 | 3,151 | 3,161 | 2,992 | 3,063 |
| Federal family education loan liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 502 BA | 2,147 | 308 | 184 | 109 | 64 | 38 | 21 |
| | | | | <i>J</i> 43 | <i>J</i> 2 | <i>J</i> 2 | <i>J</i> 1 | <i>J</i> 1 |
| Outlays | O | 1,534 | 294 | 174 | 120 | 71 | 43 | 24 |
| | | | | <i>J</i> 36 | <i>J</i> 2 | <i>J</i> 1 | <i>J</i> 1 | <i>J</i> 1 |
| Federal family education loan liquidating account (gross) | BA | 2,147 | 308 | 227 | 111 | 66 | 39 | 22 |
| | O | 1,534 | 294 | 210 | 122 | 72 | 44 | 25 |
| Total, offsetting collections | | -2,697 | -1,001 | -803 | -637 | -491 | -369 | -268 |
| | | | | <i>J</i> -22 | <i>J</i> 17 | <i>J</i> 13 | <i>J</i> 9 | <i>J</i> 6 |
| Total Federal family education loan liquidating account (net) | BA | -550 | -693 | -598 | -509 | -412 | -321 | -240 |
| | O | -1,163 | -707 | -615 | -498 | -406 | -316 | -237 |
| Total Federal funds Office of Student Financial Assistance | BA | 12,076 | 10,540 | 12,631 | 13,614 | 13,897 | 14,238 | 14,844 |
| | O | 10,675 | 9,935 | 11,900 | 13,293 | 13,350 | 13,712 | 14,232 |

Office of Educational Research and Improvement

Federal funds

General and Special Funds:

Education research, statistics, and improvement:

| | | | | | | | | |
|---|--------|-----|-----|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 503 BA | 657 | 591 | | | | | |
| | | | | <i>J</i> 503 | <i>J</i> 503 | <i>J</i> 509 | <i>J</i> 522 | <i>J</i> 533 |
| Spending authority from offsetting collections, discretionary | BA | 7 | 7 | | | | | |
| | | | | <i>J</i> 7 | J7 | J7 | J7 | J7 |
| Outlays | O | 486 | 697 | 455 | 120 | 6 | | |
| | | | | <i>J</i> 156 | <i>J</i> 409 | <i>J</i> 508 | <i>J</i> 519 | <i>J</i> 529 |
| Education research, statistics, and improvement (gross) | BA | 664 | 598 | 510 | 510 | 516 | 529 | 540 |
| | O | 486 | 697 | 611 | 529 | 514 | 519 | 529 |
| Total, offsetting collections | | -7 | -7 | | | | | |
| | | | | <i>J</i> -7 | J-7 | J-7 | J-7 | J-7 |
| Total Education research, statistics, and improvement (net) | BA | 657 | 591 | 503 | 503 | 509 | 522 | 533 |
| | O | 479 | 690 | 604 | 522 | 507 | 512 | 522 |

DEPARTMENT OF EDUCATION—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|--------|--------|-----------------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Departmental Management | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Program administration: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 367 | 383 | 413 | 413 | 418 | 428 | 437 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 347 | 403 | 401 | 410 | 417 | 427 | 436 |
| Program administration (gross) | BA | 368 | 384 | 414 | 414 | 419 | 429 | 438 |
| | O | 347 | 403 | 401 | 410 | 417 | 427 | 436 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Program administration (net) | BA | 367 | 383 | 413 | 413 | 418 | 428 | 437 |
| | O | 346 | 402 | 400 | 409 | 416 | 426 | 435 |
| Office for Civil Rights: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 66 | 71 | 76 | 76 | 77 | 79 | 80 |
| Outlays | O | 63 | 76 | 74 | 75 | 76 | 79 | 80 |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 31 | 34 | 37 | 37 | 37 | 38 | 39 |
| Outlays | O | 33 | 36 | 35 | 36 | 37 | 38 | 39 |
| Headquarters Renovation: | | | | | | | | |
| Outlays | 503 O | | 3 | | | | | |
| Total Federal funds Departmental Management | BA | 464 | 488 | 526 | 526 | 532 | 545 | 556 |
| | O | 442 | 517 | 509 | 520 | 529 | 543 | 554 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 33,750 | 32,816 | 44,821 | 45,859 | 46,410 | 47,248 | 48,318 |
| | O | 32,502 | 36,521 | 39,514 | 43,986 | 45,422 | 46,248 | 47,204 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 502 BA/O | -66 | -77 | -1,359 | -1,135 B 194 | -50 | -50 | -50 |
| Total Department of Education | BA | 33,684 | 32,739 | 43,462 | 44,918 | 46,360 | 47,198 | 48,268 |
| | O | 32,436 | 36,444 | 38,155 | 43,045 | 45,372 | 46,198 | 47,154 |

DEPARTMENT OF ENERGY
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|----------------|---------------|--------------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| National Nuclear Security Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Weapons activities: | | | | | | | | |
| Appropriation, discretionary | 053 BA | 4,396 | 4,427 A 55 | 4,594 | 4,594 | 4,649 | 4,764 | 4,869 |
| Spending authority from offsetting collections, discretionary | BA | 1,057 | 1,500 | 1,350 | 1,350 | 1,366 | 1,400 | 1,431 |
| Outlays | O | 5,661 | 5,904 A 36 | 5,884 A 17 | 5,936 A 3 | 5,996 | 6,121 | 6,258 |
| Weapons activities (gross) | BA | 5,453 | 5,982 | 5,944 | 5,944 | 6,015 | 6,164 | 6,300 |
| | O | 5,661 | 5,940 | 5,901 | 5,939 | 5,996 | 6,121 | 6,258 |
| Total, offsetting collections | | -1,057 | -1,500 | -1,350 | -1,350 | -1,367 | -1,400 | -1,430 |
| Total Weapons activities (net) | BA | 4,396 | 4,482 | 4,594 | 4,594 | 4,648 | 4,764 | 4,870 |
| | O | 4,604 | 4,440 | 4,551 | 4,589 | 4,629 | 4,721 | 4,828 |
| Other nuclear security activities: | | | | | | | | |
| Appropriation, discretionary | 053 BA | 1,781 | 1,504 A -40 | 1,584 | 1,584 | 1,603 | 1,643 | 1,679 |
| Advance appropriation, discretionary | BA | | | | | | 49 | |
| | | | | | | A 40 | | |

DEPARTMENT OF ENERGY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 1,520 | 1,546 | 1,604 | 1,622 | 1,637 | 1,703 | 1,678 |
| Total Other nuclear security activities | BA | 1,781 | 1,464 | 1,584 | 1,584 | 1,643 | 1,692 | 1,679 |
| | O | 1,520 | 1,546 | 1,604 | 1,622 | 1,637 | 1,703 | 1,678 |
| Total Federal funds National Nuclear Security Administration | BA | 6,177 | 5,946 | 6,178 | 6,178 | 6,291 | 6,456 | 6,549 |
| | O | 6,124 | 5,986 | 6,155 | 6,211 | 6,266 | 6,424 | 6,506 |

Environmental and Other Defense Activities

Federal funds

General and Special Funds:

Defense environmental restoration and waste management:

| | | | | | | | | |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 053 BA | 4,316 | 4,467 | 4,552 | 4,552 | 4,607 | 4,721 | 4,824 |
| | | | <i>H -13</i> | | | | | |
| Spending authority from offsetting collections, discretionary | BA | | 9 | 50 | 50 | 51 | 52 | 53 |
| Outlays | O | 4,341 | 4,435 | 4,569 | 4,597 | 4,642 | 4,736 | 4,841 |
| | | | <i>H -9</i> | <i>H -3</i> | <i>H -1</i> | | | |
| Defense environmental restoration and waste management (gross) | BA | 4,316 | 4,463 | 4,602 | 4,602 | 4,658 | 4,773 | 4,877 |
| | O | 4,341 | 4,426 | 4,566 | 4,596 | 4,642 | 4,736 | 4,841 |
| Total, offsetting collections | | | -9 | -50 | -50 | -51 | -52 | -53 |
| Total Defense environmental restoration and waste management (net) | BA | 4,316 | 4,454 | 4,552 | 4,552 | 4,607 | 4,721 | 4,824 |
| | O | 4,341 | 4,417 | 4,516 | 4,546 | 4,591 | 4,684 | 4,788 |

Defense facilities closure projects:

| | | | | | | | | |
|------------------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 053 BA | 1,042 | 1,060 | 1,082 | 1,082 | 1,095 | 1,122 | 1,147 |
| Outlays | O | 1,014 | 1,046 | 1,074 | 1,081 | 1,091 | 1,113 | 1,138 |

Defense environmental management privatization:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 053 BA | 228 | 188 | 515 | 600 | 670 | 686 | 598 |
| Outlays | O | | 31 | 45 | 202 | 255 | 265 | 274 |

Other Defense Activities:

| | | | | | | | | |
|--------------------------------------|--------|------------|-------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 053 BA | 491 | 212 | 555 | 555 | 562 | 576 | 588 |
| | | | <i>A 18</i> | | | | | |
| Outlays | O | 517 | 196 | 433 | 538 | 559 | 570 | 583 |
| | | | <i>A 12</i> | <i>A 5</i> | <i>A 1</i> | | | |
| Total Other Defense Activities | BA | 491 | 230 | 555 | 555 | 562 | 576 | 588 |
| | O | 517 | 208 | 438 | 539 | 559 | 570 | 583 |

Defense nuclear waste disposal:

| | | | | | | | | |
|------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 053 BA | 189 | 112 | 112 | 112 | 113 | 116 | 119 |
| Outlays | O | 192 | 87 | 112 | 112 | 113 | 115 | 118 |

Energy employees compensation initiative:

| | | | | | | | | |
|------------------------------------|--------|--|--|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 053 BA | | | 17 | 17 | 17 | 18 | 18 |
| Outlays | O | | | 11 | 16 | 17 | 17 | 18 |

| | | | | | | | | |
|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Federal funds Environmental and Other Defense Activities | BA | 6,266 | 6,044 | 6,833 | 6,918 | 7,064 | 7,239 | 7,294 |
| | O | 6,064 | 5,789 | 6,196 | 6,496 | 6,626 | 6,764 | 6,919 |

Energy Programs

Federal funds

General and Special Funds:

Science:

| | | | | | | | | |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 251 BA | 2,721 | 2,788 | 3,151 | 2,870 | 2,904 | 2,976 | 3,042 |
| Advance appropriation, discretionary | BA | | | | 300 | 232 | 150 | 115 |
| Outlays | O | 2,449 | 2,719 | 2,993 | 3,130 | 3,149 | 3,134 | 3,145 |
| Total Science | BA | 2,721 | 2,788 | 3,151 | 3,170 | 3,136 | 3,126 | 3,157 |
| | O | 2,449 | 2,719 | 2,993 | 3,130 | 3,149 | 3,134 | 3,145 |

Energy supply:

| | | | | | | | | |
|---|--------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 271 BA | 786 | 644 | 765 | 765 | 774 | 793 | 811 |
| Spending authority from offsetting collections, discretionary | BA | 853 | 1,350 | 1,352 | 1,352 | 1,368 | 1,402 | 1,433 |

DEPARTMENT OF ENERGY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 1,773 | 2,097 | 2,071 | 2,099 | 2,137 | 2,183 | 2,231 |
| Energy supply (gross) | BA | 1,639 | 1,994 | 2,117 | 2,117 | 2,142 | 2,195 | 2,244 |
| | O | 1,773 | 2,097 | 2,071 | 2,099 | 2,137 | 2,183 | 2,231 |
| Change in receivables and unpaid, unfilled orders | BA | -18 | | | | | | |
| Total, offsetting collections | | -835 | -1,350 | -1,352 | -1,352 | -1,368 | -1,402 | -1,433 |
| Total Energy supply (net) | BA | 786 | 644 | 765 | 765 | 774 | 793 | 811 |
| | O | 938 | 747 | 719 | 747 | 769 | 781 | 798 |
| Non-defense environmental management: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 431 | 332 | 286 | 286 | 289 | 297 | 303 |
| Outlays | O | 447 | 364 | 305 | 288 | 289 | 295 | 301 |
| Fossil energy research and development: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 376 | 417 | 376 | 376 | 381 | 390 | 398 |
| Outlays | O | 353 | 389 | 392 | 384 | 378 | 383 | 391 |
| Naval petroleum and oil shale reserves: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 14 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 2 | | | | | | |
| Outlays | O | 30 | 21 | 21 | | | | |
| Naval petroleum and oil shale reserves (gross) | BA | 16 | | | | | | |
| | O | 30 | 21 | 21 | | | | |
| Total, offsetting collections | | -2 | | | | | | |
| Total Naval petroleum and oil shale reserves (net) | BA | 14 | | | | | | |
| | O | 28 | 21 | 21 | | | | |
| Energy conservation: | | | | | | | | |
| Appropriation, discretionary | 272 BA | 619 | 745 | 850 | 850 | 860 | 882 | 901 |
| Spending authority from offsetting collections, discretionary | BA | 64 | | | | | | |
| Outlays | O | 650 | 690 | 767 | 834 | 853 | 865 | 884 |
| Energy conservation (gross) | BA | 683 | 745 | 850 | 850 | 860 | 882 | 901 |
| | O | 650 | 690 | 767 | 834 | 853 | 865 | 884 |
| Total, offsetting collections | | -64 | | | | | | |
| Total Energy conservation (net) | BA | 619 | 745 | 850 | 850 | 860 | 882 | 901 |
| | O | 586 | 690 | 767 | 834 | 853 | 865 | 884 |
| Strategic petroleum reserve: | | | | | | | | |
| Appropriation, discretionary | 274 BA | 160 | 158 | 158 | 158 | 160 | 164 | 167 |
| Outlays | O | 225 | 164 | 158 | 158 | 159 | 162 | 165 |
| SPR petroleum account: | | | | | | | | |
| Appropriation, discretionary | 274 BA | | | -7 | | | | |
| | | | <i>H</i> -12 | | | | | |
| Total SPR petroleum account | BA | | -12 | -7 | | | | |
| Energy information administration: | | | | | | | | |
| Appropriation, discretionary | 276 BA | 70 | 72 | 75 | 75 | 76 | 78 | 79 |
| Outlays | O | 67 | 71 | 74 | 75 | 75 | 77 | 79 |
| Economic regulation: | | | | | | | | |
| Appropriation, discretionary | 276 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Federal Energy Regulatory Commission: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 276 BA | 168 | 175 | 175 | 175 | 177 | 181 | 185 |
| Outlays | O | 168 | 166 | 174 | 175 | 177 | 181 | 185 |
| Federal Energy Regulatory Commission (gross) | BA | 168 | 175 | 175 | 175 | 177 | 181 | 185 |
| | O | 168 | 166 | 174 | 175 | 177 | 181 | 185 |
| Total, offsetting collections | | -168 | -175 | -175 | -175 | -177 | -181 | -185 |
| Total Federal Energy Regulatory Commission (net) | BA | | | | | | | |
| | O | | -9 | -1 | | | | |
| Geothermal resources development fund: | | | | | | | | |
| Appropriation, discretionary | 271 BA | | -1 | | | | | |

DEPARTMENT OF ENERGY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|----------------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Clean coal technology: | | | | | | | | |
| Appropriation, discretionary | 271 BA | -40 | -156 | -326 | | | | |
| Advance appropriation, discretionary | BA | | 10 | 171 | 236 | | | |
| Outlays | O | 57 | 71 | 105 | 165 | 150 | 110 | 71 |
| Total Clean coal technology | BA | -40 | -146 | -155 | 236 | | | |
| | O | 57 | 71 | 105 | 165 | 150 | 110 | 71 |
| Alternative fuels production: | | | | | | | | |
| Appropriation, discretionary | 271 BA | | | -1 | | | | |
| Alternative fuels production (gross) | BA | | | -1 | | | | |
| Total, offsetting collections | | -1 | | | | | | |
| Total Alternative fuels production (net) | BA | -1 | | -1 | | | | |
| | O | -1 | | | | | | |
| Elk Hills school lands fund: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 36 | | | | | | |
| Advance appropriation, discretionary | BA | | | 36 | 36 | 36 | 36 | 60 |
| Outlays | O | 36 | | 36 | 36 | 36 | 36 | 60 |
| Total Elk Hills school lands fund | BA | 36 | | 36 | 36 | 36 | 36 | 60 |
| | O | 36 | | 36 | 36 | 36 | 36 | 60 |
| Payments to States under Federal Power Act: | | | | | | | | |
| Appropriation, mandatory | 806 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Nuclear waste disposal fund: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 168 | 236 | 326 | 326 | 330 | 338 | 345 |
| Spending authority from offsetting collections, discretionary | BA | 81 | | | | | | |
| Outlays | O | 169 | 140 | 281 | 326 | 328 | 334 | 342 |
| Nuclear waste disposal fund (gross) | BA | 249 | 236 | 326 | 326 | 330 | 338 | 345 |
| | O | 169 | 140 | 281 | 326 | 328 | 334 | 342 |
| Change in receivables and unpaid, unfilled orders | BA | -81 | | | | | | |
| Total Nuclear waste disposal fund (net) | BA | 168 | 236 | 326 | 326 | 330 | 338 | 345 |
| | O | 169 | 140 | 281 | 326 | 328 | 334 | 342 |
| Uranium enrichment decontamination and decommissioning fund: | | | | | | | | |
| Appropriation, discretionary | 271 BA | 220 | 249 | 303 | 303 | 307 | 314 | 321 |
| | | | ^A 16 | | | | | |
| Outlays | O | 228 | 209 | 287 | 303 | 306 | 312 | 319 |
| | | | ^A 11 | ^A 5 | | | | |
| Total Uranium enrichment decontamination and decommissioning fund | BA | 220 | 265 | 303 | 303 | 307 | 314 | 321 |
| | O | 228 | 220 | 292 | 303 | 306 | 312 | 319 |
| Public Enterprise Funds: | | | | | | | | |
| Isotope production and distribution program fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 271 BA | 31 | 30 | 27 | 27 | 27 | 28 | 28 |
| Outlays | O | 31 | 30 | 27 | 27 | 27 | 28 | 29 |
| Isotope production and distribution program fund (gross) | BA | 31 | 30 | 27 | 27 | 27 | 28 | 28 |
| | O | 31 | 30 | 27 | 27 | 27 | 28 | 29 |
| Total, offsetting collections | | -31 | -30 | -27 | -27 | -27 | -28 | -29 |
| Total Isotope production and distribution program fund (net) | BA | | | | | | | -1 |
| | O | | | | | | | |
| Total Federal funds Energy Programs | BA | 5,565 | 5,503 | 6,168 | 6,586 | 6,354 | 6,423 | 6,546 |
| | O | 5,587 | 5,592 | 6,147 | 6,451 | 6,497 | 6,494 | 6,560 |

Power Marketing Administration

Federal funds

General and Special Funds:

Operation and maintenance, Alaska Power Administration:

| | | | | | | | | |
|---------|-------|---|--|--|--|--|--|--|
| Outlays | 271 O | 5 | | | | | | |
|---------|-------|---|--|--|--|--|--|--|

DEPARTMENT OF ENERGY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -104 | -135 | -136 | -136 | -138 | -141 | -144 |
| Total Colorado river basins power marketing fund, Western Area Power Administration (net) | BA | | -21 | -21 | -21 | -22 | -22 | -22 |
| | O | -29 | -21 | -21 | -21 | -22 | -22 | -22 |
| Total Federal funds Power Marketing Administration | BA | 260 | 261 | 247 | 164 | 161 | 57 | 77 |
| | O | 22 | 267 | 262 | 166 | 161 | 55 | 74 |

Departmental Administration

Federal funds

General and Special Funds:

| | | | | | | | | | |
|---|-----|----|-----|------|------|------|------|------|------|
| Departmental administration: | | | | | | | | | |
| Appropriation, discretionary | 276 | BA | 136 | 99 | 85 | 85 | 86 | 88 | 90 |
| Spending authority from offsetting collections, discretionary | | BA | 74 | 107 | 129 | 129 | 131 | 134 | 137 |
| Outlays | | O | 184 | 207 | 212 | 214 | 217 | 221 | 225 |
| Departmental administration (gross) | | BA | 210 | 206 | 214 | 214 | 217 | 222 | 227 |
| | | O | 184 | 207 | 212 | 214 | 217 | 221 | 225 |
| Total, offsetting collections | | | -74 | -107 | -129 | -129 | -131 | -134 | -137 |
| Total Departmental administration (net) | | BA | 136 | 99 | 85 | 85 | 86 | 88 | 90 |
| | | O | 110 | 100 | 83 | 85 | 86 | 87 | 88 |
| Office of the Inspector General: | | | | | | | | | |
| Appropriation, discretionary | 276 | BA | 29 | 30 | 33 | 33 | 33 | 34 | 35 |
| Outlays | | O | 29 | 30 | 33 | 33 | 33 | 34 | 35 |
| Interim storage activities: | | | | | | | | | |
| Appropriation, discretionary | 053 | BA | | | -85 | -85 | -86 | -88 | -90 |
| Intragovernmental Funds: | | | | | | | | | |
| Working capital fund: | | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 276 | BA | 82 | 77 | 82 | 82 | 83 | 85 | 87 |
| Outlays | | O | 81 | 82 | 82 | 82 | 83 | 85 | 86 |
| Working capital fund (gross) | | BA | 82 | 77 | 82 | 82 | 83 | 85 | 87 |
| | | O | 81 | 82 | 82 | 82 | 83 | 85 | 86 |
| Total, offsetting collections | | | -82 | -77 | -82 | -82 | -83 | -85 | -87 |
| Total Working capital fund (net) | | BA | | | | | | | |
| | | O | -1 | 5 | | | | | -1 |
| Total Federal funds Departmental Administration | | BA | 165 | 129 | 33 | 33 | 33 | 34 | 35 |
| | | O | 138 | 135 | 116 | 118 | 119 | 121 | 122 |

Summary

| | | | | | | | | | |
|--|-----|------|--------|--------|--------|--------|--------|--------|--------|
| Federal funds: | | | | | | | | | |
| (As shown in detail above) | | BA | 18,433 | 17,883 | 19,459 | 19,879 | 19,903 | 20,209 | 20,501 |
| | | O | 17,935 | 17,769 | 18,876 | 19,442 | 19,669 | 19,858 | 20,181 |
| Deductions for offsetting receipts: | | | | | | | | | |
| Intrafund transactions | 271 | BA/O | -398 | -420 | -420 | -420 | -425 | -436 | -445 |
| | 908 | BA/O | -145 | -740 | -819 | -941 | -1,019 | -1,042 | -1,013 |
| Proprietary receipts from the public | 271 | BA/O | -1,319 | -1,319 | -1,244 | -1,274 | -1,245 | -1,235 | -1,167 |
| Offsetting governmental receipts | 276 | BA/O | -25 | -21 | -28 | -28 | -28 | -29 | -30 |
| Total Department of Energy | | BA | 16,546 | 15,383 | 16,948 | 17,216 | 17,186 | 17,467 | 17,846 |
| | | O | 16,048 | 15,269 | 16,365 | 16,779 | 16,952 | 17,116 | 17,526 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Health Programs | | | | | | | | |
| Public Health Service | | | | | | | | |
| <i>Food and Drug Administration</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 554 BA | 980 | 1,049 | 1,188 | 1,168 | 1,179 | 1,208 | 1,235 |
| Appropriation, mandatory | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Advance appropriation, discretionary | BA | | | | 23 | | | |
| Spending authority from offsetting collections, discretionary | BA | 166 | 181 | 200 | 200 | 202 | 207 | 212 |
| Outlays | O | 1,112 | 1,228 | 1,393 | 1,387 | 1,397 | 1,416 | 1,441 |
| | | | | 19 | 19 | 19 | 20 | 20 |
| Salaries and expenses (gross) | BA | 1,147 | 1,231 | 1,408 | 1,411 | 1,401 | 1,436 | 1,468 |
| | O | 1,112 | 1,228 | 1,412 | 1,406 | 1,416 | 1,436 | 1,461 |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | -3 | -3 | -3 | -3 |
| Total, offsetting collections | | -164 | -181 | -200 | -200 | -202 | -207 | -212 |
| | | | | 19 | 19 | 19 | 20 | 20 |
| Total Salaries and expenses (net) | BA | 981 | 1,050 | 1,189 | 1,189 | 1,177 | 1,206 | 1,233 |
| | O | 948 | 1,047 | 1,193 | 1,187 | 1,195 | 1,209 | 1,229 |
| Public Enterprise Funds: | | | | | | | | |
| Revolving fund for certification and other services: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 554 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| Revolving fund for certification and other services (gross) | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | O | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Revolving fund for certification and other services (net) | BA | | | | | | | |
| | O | 3 | | | | | | |
| Total Federal funds Food and Drug Administration | BA | 981 | 1,050 | 1,189 | 1,189 | 1,177 | 1,206 | 1,233 |
| | O | 951 | 1,047 | 1,193 | 1,187 | 1,195 | 1,209 | 1,229 |
| <i>Health Resources and Services Administration</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Vaccine injury compensation: | | | | | | | | |
| Appropriation, mandatory | 551 BA | 100 | | | | | | |
| Outlays | O | 43 | 57 | | | | | |
| Payment to the Ricky Ray hemophilia relief fund: | | | | | | | | |
| Appropriation, discretionary | 551 BA | | | 100 | 100 | 101 | 104 | 106 |
| Outlays | O | | | 100 | 100 | 101 | 104 | 106 |
| Public Enterprise Funds: | | | | | | | | |
| Medical facilities guarantee and loan fund: | | | | | | | | |
| Appropriation, mandatory | 551 BA | -2 | 1 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 6 | 6 | 5 | 5 | | | |
| Outlays | O | 3 | 4 | 4 | | | | |
| Medical facilities guarantee and loan fund (gross) | BA | 4 | 7 | 5 | 5 | | | |
| | O | 3 | 4 | 4 | | | | |
| Total, offsetting collections | | -6 | -6 | -5 | -5 | | | |
| Total Medical facilities guarantee and loan fund (net) | BA | -2 | 1 | | | | | |
| | O | -3 | -2 | -1 | -5 | | | |
| Credit Accounts: | | | | | | | | |
| Health Resources and Services (Health care services): | | | | | | | | |
| (Appropriation, discretionary) | 551 BA | 3,803 | 4,220 | 4,382 | 4,382 | 4,558 | 4,665 | 4,762 |
| (Appropriation, mandatory) | BA | 50 | 50 | 50 | 50 | | | |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| (Spending authority from offsetting collections, discretionary) | BA | 88 | 108 | 110 | 110 | 111 | 114 | 117 |
| (Spending authority from offsetting collections, mandatory) | BA | | 3 | 4 | 4 | 4 | 4 | 4 |
| (Outlays) | O | 3,566 | 4,100 | 4,412 | 4,571 | 4,608 | 4,706 | 4,810 |
| (Limitation on loan guarantee commitments) | | | (100) | (51) | (51) | (52) | (53) | (54) |
| Health Resources and Services (gross) | BA | 3,941 | 4,381 | 4,546 | 4,546 | 4,673 | 4,783 | 4,883 |
| | O | 3,566 | 4,100 | 4,412 | 4,571 | 4,608 | 4,706 | 4,810 |
| Total, offsetting collections | | -88 | -107 | -110 | -110 | -111 | -114 | -116 |
| Total (Health care services) (net) | BA | 3,853 | 4,274 | 4,436 | 4,436 | 4,562 | 4,669 | 4,767 |
| | O | 3,478 | 3,993 | 4,302 | 4,461 | 4,497 | 4,592 | 4,694 |
| (Health research and training): | | | | | | | | |
| (Appropriation, discretionary) | 552 BA | 303 | 344 | 299 | 299 | 303 | 310 | 317 |
| (Spending authority from offsetting collections, discretionary) | BA | 13 | 13 | 13 | 13 | 13 | 13 | 14 |
| (Outlays) | O | 293 | 344 | 335 | 322 | 314 | 318 | 326 |
| Health Resources and Services (gross) | BA | 4,169 | 4,631 | 4,748 | 4,748 | 4,878 | 4,992 | 5,098 |
| | O | 3,771 | 4,337 | 4,637 | 4,783 | 4,811 | 4,910 | 5,020 |
| Total, offsetting collections | | -13 | -17 | -17 | -17 | -17 | -18 | -18 |
| Total (Health research and training) (net) | BA | 303 | 340 | 295 | 295 | 299 | 305 | 313 |
| | O | 280 | 327 | 318 | 305 | 297 | 300 | 308 |
| Total Health Resources and Services | BA | 4,156 | 4,614 | 4,731 | 4,731 | 4,861 | 4,974 | 5,080 |
| | O | 3,758 | 4,320 | 4,620 | 4,766 | 4,794 | 4,892 | 5,002 |
| Health Education assistance loans program account: | | | | | | | | |
| Appropriation, discretionary | 552 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 3 | 6 | 4 | 4 | 4 | 4 | 4 |
| Health education assistance loans liquidating account: | | | | | | | | |
| Appropriation, mandatory | 552 BA | 37 | 15 | 10 | 10 | 9 | 7 | 5 |
| Spending authority from offsetting collections, mandatory | BA | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Outlays | O | 20 | 48 | 30 | 30 | 29 | 27 | 25 |
| Health education assistance loans liquidating account (gross) | BA | 57 | 35 | 30 | 30 | 29 | 27 | 25 |
| | O | 20 | 48 | 30 | 30 | 29 | 27 | 25 |
| Total, offsetting collections | | -20 | -20 | -20 | -20 | -20 | -20 | -20 |
| Total Health education assistance loans liquidating account (net) | BA | 37 | 15 | 10 | 10 | 9 | 7 | 5 |
| | O | | 28 | 10 | 10 | 9 | 7 | 5 |
| <i>Trust funds</i> | | | | | | | | |
| Vaccine injury compensation program trust fund: | | | | | | | | |
| Appropriation, discretionary | 551 BA | 7 | 10 | 10 | 10 | 10 | 10 | 11 |
| Appropriation, mandatory | BA | 53 | 62 | 114 | 84 | 84 | 84 | 84 |
| Outlays | O | 60 | 73 | 124 | 94 | 94 | 94 | 95 |
| Total Vaccine injury compensation program trust fund | BA | 60 | 72 | 124 | 94 | 94 | 94 | 95 |
| | O | 60 | 73 | 124 | 94 | 94 | 94 | 95 |
| Ricky Ray hemophilia relief fund: | | | | | | | | |
| Appropriation, discretionary | 551 BA | | 75 | 100 | 100 | 101 | 104 | 106 |
| Outlays | O | | 75 | 100 | 100 | 101 | 104 | 106 |
| Total Federal funds Health Resources and Services Administration | BA | 4,295 | 4,634 | 4,845 | 4,845 | 4,975 | 5,089 | 5,195 |
| | O | 3,801 | 4,409 | 4,733 | 4,875 | 4,908 | 5,007 | 5,117 |
| Total Trust funds Health Resources and Services Administration | BA | 60 | 147 | 224 | 194 | 195 | 198 | 201 |
| | O | 60 | 148 | 224 | 194 | 195 | 198 | 201 |

Indian Health Services
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Indian Health Services: | | | | | | | | |
| Appropriation, discretionary | 551 BA | 1,948 | 2,074 | 2,271 | 2,271 | 2,298 | 2,355 | 2,407 |
| Appropriation, mandatory | BA | 30 | 30 | 30 | 30 | | | |
| Spending authority from offsetting collections, discretionary | BA | 561 | 582 | 582 | 582 | 589 | 604 | 617 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Outlays | O | 2,490 | 2,653 | 2,882 | 2,884 | 2,896 | 2,952 | 3,015 |
| Indian Health Services (gross) | BA | 2,539 | 2,686 | 2,883 | 2,883 | 2,887 | 2,959 | 3,024 |
| | O | 2,490 | 2,653 | 2,882 | 2,884 | 2,896 | 2,952 | 3,015 |
| Total, offsetting collections | | -561 | -582 | -582 | -582 | -589 | -604 | -617 |
| Total Indian Health Services (net) | BA | 1,978 | 2,104 | 2,301 | 2,301 | 2,298 | 2,355 | 2,407 |
| | O | 1,929 | 2,071 | 2,300 | 2,302 | 2,307 | 2,348 | 2,398 |
| Indian health facilities: | | | | | | | | |
| Appropriation, discretionary | 551 BA | 292 | 317 | 349 | 337 | 335 | 344 | 352 |
| Appropriation, mandatory | BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Advance appropriation, discretionary | BA | | | | 18 | | | |
| Spending authority from offsetting collections, discretionary | BA | 21 | 12 | 12 | 12 | 12 | 12 | 13 |
| Outlays | O | 290 | 322 | 340 | 364 | 350 | 365 | 368 |
| Indian health facilities (gross) | BA | 318 | 334 | 366 | 372 | 352 | 361 | 370 |
| | O | 290 | 322 | 340 | 364 | 350 | 365 | 368 |
| Total, offsetting collections | | -21 | -12 | -12 | -12 | -12 | -12 | -13 |
| Total Indian health facilities (net) | BA | 297 | 322 | 354 | 360 | 340 | 349 | 357 |
| | O | 269 | 310 | 328 | 352 | 338 | 353 | 355 |
| Total Federal funds Indian Health Services | BA | 2,275 | 2,426 | 2,655 | 2,661 | 2,638 | 2,704 | 2,764 |
| | O | 2,198 | 2,381 | 2,628 | 2,654 | 2,645 | 2,701 | 2,753 |

Centers for Disease Control and Prevention
Federal funds

General and Special Funds:

Disease control, research, and training
(Health care services):

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (Appropriation, discretionary) | 551 BA | 2,379 | 2,715 | 2,970 | 2,864 | 2,900 | 2,953 | 3,021 |
| (Appropriation, mandatory) | BA | 3 | 3 | 3 | 3 | | | |
| (Advance appropriation, discretionary) | BA | | | | 21 | 21 | | |
| (Spending authority from offsetting collections, discretionary) | BA | 122 | 131 | 134 | 134 | 136 | 139 | 142 |
| (Outlays) | O | 2,330 | 2,593 | 2,912 | 3,030 | 3,042 | 3,066 | 3,113 |
| Disease control, research, and training (gross) | BA | 2,504 | 2,849 | 3,107 | 3,022 | 3,057 | 3,092 | 3,163 |
| | O | 2,330 | 2,593 | 2,912 | 3,030 | 3,042 | 3,066 | 3,113 |
| Total, offsetting collections | | -122 | -131 | -134 | -134 | -136 | -139 | -142 |
| Total (Health care services) (net) | BA | 2,382 | 2,718 | 2,973 | 2,888 | 2,921 | 2,953 | 3,021 |
| | O | 2,208 | 2,462 | 2,778 | 2,896 | 2,906 | 2,927 | 2,971 |

(Health research and training):

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (Appropriation, discretionary) | 552 BA | 227 | 248 | 269 | 269 | 272 | 279 | 285 |
| (Appropriation, mandatory) | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| (Spending authority from offsetting collections, discretionary) | BA | 58 | 58 | 61 | 61 | 62 | 63 | 65 |
| (Outlays) | O | 280 | 288 | 316 | 329 | 334 | 340 | 348 |
| Disease control, research, and training (gross) | BA | 2,669 | 3,026 | 3,305 | 3,220 | 3,257 | 3,297 | 3,373 |
| | O | 2,488 | 2,750 | 3,094 | 3,225 | 3,240 | 3,267 | 3,319 |
| Total, offsetting collections | | -58 | -58 | -61 | -61 | -62 | -63 | -65 |
| Total (Health research and training) (net) | BA | 229 | 250 | 271 | 271 | 274 | 281 | 287 |
| | O | 222 | 230 | 255 | 268 | 272 | 277 | 283 |
| Total Disease control, research, and training | BA | 2,611 | 2,968 | 3,244 | 3,159 | 3,195 | 3,234 | 3,308 |
| | O | 2,430 | 2,692 | 3,033 | 3,164 | 3,178 | 3,204 | 3,254 |
| Total Federal funds Centers for Disease Control and Prevention | BA | 2,611 | 2,968 | 3,244 | 3,159 | 3,195 | 3,234 | 3,308 |
| | O | 2,430 | 2,692 | 3,033 | 3,164 | 3,178 | 3,204 | 3,254 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>National Institutes of Health</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| National Institutes of Health: | | | | | | | | |
| Appropriation, discretionary | 552 BA | 15,607 | 17,793 | 18,813 | 18,787 | 19,039 | 19,511 | 19,938 |
| Appropriation, mandatory | BA | 40 | 40 | 40 | 40 | 13 | 13 | 13 |
| Advance appropriation, discretionary | BA | | | | 26 | | | |
| Spending authority from offsetting collections, discretionary | BA | 1,109 | 1,187 | 1,215 | 1,215 | 1,230 | 1,260 | 1,288 |
| Outlays | O | 14,764 | 16,725 | 19,080 | 20,233 | 20,149 | 20,434 | 20,865 |
| National Institutes of Health (gross) | BA | 16,756 | 19,020 | 20,068 | 20,068 | 20,282 | 20,784 | 21,239 |
| | O | 14,764 | 16,725 | 19,080 | 20,233 | 20,149 | 20,434 | 20,865 |
| Change in receivables and unpaid, unfilled orders | BA | -160 | | | | | | |
| Total, offsetting collections | | -949 | -1,187 | -1,215 | -1,215 | -1,230 | -1,260 | -1,288 |
| Total National Institutes of Health (net) | BA | 15,647 | 17,833 | 18,853 | 18,853 | 19,052 | 19,524 | 19,951 |
| | O | 13,815 | 15,538 | 17,865 | 19,018 | 18,919 | 19,174 | 19,577 |

Substance Abuse and Mental Health Services Administration

Federal funds

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| General and Special Funds: | | | | | | | | |
| Substance abuse and mental health services: | | | | | | | | |
| Appropriation, discretionary | 551 BA | 2,487 | 2,652 | 2,823 | 2,823 | 2,857 | 2,928 | 2,992 |
| Spending authority from offsetting collections, discretionary | BA | 33 | 40 | 40 | 40 | 40 | 41 | 42 |
| Outlays | O | 2,247 | 2,491 | 2,688 | 2,772 | 2,860 | 2,920 | 2,983 |
| Substance abuse and mental health services (gross) | BA | 2,520 | 2,692 | 2,863 | 2,863 | 2,897 | 2,969 | 3,034 |
| | O | 2,247 | 2,491 | 2,688 | 2,772 | 2,860 | 2,920 | 2,983 |
| Total, offsetting collections | | -33 | -40 | -40 | -40 | -40 | -41 | -42 |
| Total Substance abuse and mental health services (net) | BA | 2,487 | 2,652 | 2,823 | 2,823 | 2,857 | 2,928 | 2,992 |
| | O | 2,214 | 2,451 | 2,648 | 2,732 | 2,820 | 2,879 | 2,941 |

Agency for Healthcare Research and Quality

Federal funds

| | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| General and Special Funds: | | | | | | | | |
| Health care policy and research: | | | | | | | | |
| Appropriation, discretionary | 552 BA | 100 | 110 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 82 | 100 | 261 | 261 | 264 | 271 | 277 |
| Outlays | O | 161 | 220 | 353 | 291 | 276 | 275 | 277 |
| Health care policy and research (gross) | BA | 182 | 210 | 261 | 261 | 264 | 271 | 277 |
| | O | 161 | 220 | 353 | 291 | 276 | 275 | 277 |
| Total, offsetting collections | | -82 | -100 | -261 | -261 | -264 | -271 | -277 |
| Total Health care policy and research (net) | BA | 100 | 110 | | | | | |
| | O | 79 | 120 | 92 | 30 | 12 | 4 | |
| Total Federal funds Public Health Service | BA | 28,396 | 31,673 | 33,609 | 33,530 | 33,894 | 34,685 | 35,443 |
| | O | 25,488 | 28,638 | 32,192 | 33,660 | 33,677 | 34,178 | 34,871 |
| Total Trust funds Public Health Service | BA | 60 | 147 | 224 | 194 | 195 | 198 | 201 |
| | O | 60 | 148 | 224 | 194 | 195 | 198 | 201 |

Other Health Programs

Health Care Financing Administration

Federal funds

| | | | | | | | | |
|---|--------|--------|--------|------------------|--------------------|--------------------|--------------------|--------------------|
| General and Special Funds: | | | | | | | | |
| Grants to States for Medicaid: | | | | | | | | |
| Appropriation, mandatory | 551 BA | 74,594 | 86,266 | 93,586 | 97,760 | 105,738 | 114,283 | 123,881 |
| | | | | ^B 663 | ^B 1,830 | ^B 4,509 | ^B 7,020 | ^B 8,451 |
| Advance appropriation, mandatory | BA | 27,801 | 28,734 | 30,589 | 36,208 | 39,162 | 42,327 | 45,882 |
| Spending authority from offsetting collections, mandatory | BA | | 50 | 60 | 70 | | | |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 108,042 | 116,167 | 124,235 <i>B</i> 663 | 134,038 <i>B</i> 1,830 | 144,900 <i>B</i> 4,509 | 156,610 <i>B</i> 7,020 | 169,763 <i>B</i> 8,451 |
| Grants to States for Medicaid (gross) | BA | 102,395 | 115,050 | 124,898 | 135,868 | 149,409 | 163,630 | 178,214 |
| | O | 108,042 | 116,167 | 124,898 | 135,868 | 149,409 | 163,630 | 178,214 |
| Total, offsetting collections | | | -50 | -60 | -70 | | | |
| Total Grants to States for Medicaid (net) | BA | 102,395 | 115,000 | 124,838 | 135,798 | 149,409 | 163,630 | 178,214 |
| | O | 108,042 | 116,117 | 124,838 | 135,798 | 149,409 | 163,630 | 178,214 |
| State grants and demonstrations: | | | | | | | | |
| Appropriation, mandatory | 551 BA | | | 62 <i>B</i> 10 | 67 | 72 | 77 | 81 |
| Outlays | O | | | 16 <i>B</i> 10 | 31 | 47 | 62 | 67 |
| Total State grants and demonstrations | BA | | | 72 | 67 | 72 | 77 | 81 |
| | O | | | 26 | 31 | 47 | 62 | 67 |
| Payments to health care trust funds: | | | | | | | | |
| Appropriation, mandatory | 571 BA | 69,609 | 76,600 | 77,398 <i>J</i> 15,120 | 83,892 <i>J</i> 11,820 | 91,728 <i>J</i> 3,636 | 98,133 <i>J</i> 9,668 | 105,748 <i>J</i> 11,404 |
| Outlays | O | 69,589 | 72,973 | 77,398 <i>J</i> 15,120 | 83,892 <i>J</i> 11,820 | 91,728 <i>J</i> 3,636 | 98,133 <i>J</i> 9,668 | 105,748 <i>J</i> 11,404 |
| Total Payments to health care trust funds | BA | 69,609 | 76,600 | 92,518 | 95,712 | 95,364 | 107,801 | 117,152 |
| | O | 69,589 | 72,973 | 92,518 | 95,712 | 95,364 | 107,801 | 117,152 |
| Program management (Health care services): | | | | | | | | |
| (Spending authority from offsetting collections, discretionary) | 551 BA | 2,032 | 2,071 | 2,095 <i>J</i> 135 | 2,095 <i>J</i> 135 | 2,120 <i>J</i> 136 | 2,172 <i>J</i> 140 | 2,220 <i>J</i> 143 |
| (Outlays) | O | 1,865 | 2,091 | 2,095 <i>J</i> 135 | 2,095 <i>J</i> 135 | 2,120 <i>J</i> 136 | 2,172 <i>J</i> 140 | 2,220 <i>J</i> 143 |
| Program management (gross) | BA | 2,032 | 2,071 | 2,230 | 2,230 | 2,256 | 2,312 | 2,363 |
| | O | 1,865 | 2,091 | 2,230 | 2,230 | 2,256 | 2,312 | 2,363 |
| (Change in receivables and unpaid, unfilled orders) | BA | -286 | | | | | | |
| (Adjustment to receivables and unpaid, unfilled orders) | BA | 149 | | | | | | |
| Total, offsetting collections | | -1,896 | -2,071 | -2,095 <i>J</i> -135 | -2,095 <i>J</i> -135 | -2,120 <i>J</i> -136 | -2,172 <i>J</i> -140 | -2,220 <i>J</i> -143 |
| Total (Health care services) (net) | BA | -1 | | | | | | |
| | O | -31 | 20 | | | | | |
| (Health research and training): | | | | | | | | |
| (Appropriation, mandatory) | 552 BA | | | <i>B</i> 250 | <i>B</i> 490 | <i>B</i> 10 | | |
| (Spending authority from offsetting collections, discretionary) | BA | 50 | 62 | 55 | 55 | 56 | 57 | 58 |
| (Outlays) | O | 48 | 62 | 55 <i>B</i> 250 | 55 <i>B</i> 490 | 56 <i>B</i> 10 | 57 | 58 |
| Program management (gross) | BA | 49 | 62 | 305 | 545 | 66 | 57 | 58 |
| | O | 17 | 82 | 305 | 545 | 66 | 57 | 58 |
| Total, offsetting collections | | -50 | -62 | -55 | -55 | -56 | -57 | -58 |
| Total (Health research and training) (net) | BA | | | 250 | 490 | 10 | | |
| | O | -2 | | 250 | 490 | 10 | | |
| Total Program management | BA | -1 | | 250 | 490 | 10 | | |
| | O | -33 | 20 | 250 | 490 | 10 | | |
| State children's health insurance fund: | | | | | | | | |
| Appropriation, mandatory | 551 BA | 4,247 | 4,259 | 4,249 <i>B</i> 212 | 3,115 <i>B</i> 422 | 3,175 <i>B</i> 726 | 3,175 <i>B</i> 1,029 | 4,082 <i>B</i> 1,326 |
| Outlays | O | 565 | 1,300 | 1,905 <i>B</i> 212 | 2,505 <i>B</i> 422 | 3,000 <i>B</i> 726 | 3,100 <i>B</i> 1,029 | 3,100 <i>B</i> 1,326 |
| Total State children's health insurance fund | BA | 4,247 | 4,259 | 4,461 | 3,537 | 3,901 | 4,204 | 5,408 |
| | O | 565 | 1,300 | 2,117 | 2,927 | 3,726 | 4,129 | 4,426 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|--------------------|--------------------|---|---|---|--|--|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Public Enterprise Funds: | | | | | | | | |
| Health maintenance organization loan and loan guarantee fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 551 BA | 2 | 1 | | | | | |
| Health maintenance organization loan and loan guarantee fund (gross) | BA | 2 | 1 | | | | | |
| Total, offsetting collections | | -2 | -1 | | | | | |
| Total Health maintenance organization loan and loan guarantee fund (net) | BA O | -2 | -1 | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Federal hospital insurance trust fund: | | | | | | | | |
| Appropriation, discretionary | 571 BA | 1,297 | 1,361 | 1,425 <i>J-74</i> | 1,425 <i>J-74</i> | 1,442 <i>J-75</i> | 1,478 <i>J-77</i> | 1,511 <i>J-78</i> |
| Appropriation, mandatory | BA | 129,576 | 132,469 | 143,325 <i>B-185</i> | 147,643 <i>B 1,702</i> | 157,752 <i>B-4,033</i> | 165,657 <i>B-3,265</i> | 179,188 <i>B-4,946</i> |
| Outlays | O | 130,758 | 133,730 | 145,023 <i>B-185</i> <i>J-74</i> | 149,060 <i>B 1,702</i> <i>J-74</i> | 158,982 <i>B-4,033</i> <i>J-75</i> | 167,378 <i>B-3,265</i> <i>J-77</i> | 180,669 <i>B-4,946</i> <i>J-78</i> |
| Total Federal hospital insurance trust fund | BA O | 130,873 130,758 | 133,830 133,730 | 144,491 144,764 | 150,696 150,688 | 155,086 154,874 | 163,793 164,036 | 175,675 175,645 |
| Health care fraud and abuse control account: | | | | | | | | |
| Appropriation, mandatory | 571 BA | 764 | 864 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Spending authority from offsetting collections, mandatory | BA | 3 | 4 | | | | | |
| Outlays | O | 745 | 868 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Health care fraud and abuse control account (gross) | BA | 767 | 868 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Total, offsetting collections | O | 745 | 868 | 950 | 1,010 | 1,075 | 1,075 | 1,075 |
| Total Health care fraud and abuse control account (net) | BA O | 764 742 | 864 864 | 950 950 | 1,010 1,010 | 1,075 1,075 | 1,075 1,075 | 1,075 1,075 |
| Federal supplementary medical insurance trust fund: | | | | | | | | |
| Appropriation, discretionary | 571 BA | 1,506 | 1,706 | 1,772 <i>J-146</i> | 1,772 <i>J-146</i> | 1,793 <i>J-148</i> | 1,837 <i>J-151</i> | 1,878 <i>J-155</i> |
| Appropriation, mandatory | BA | 79,032 | 88,034 | 97,010 <i>B-685</i> | 100,467 <i>B 1,134</i> | 111,151 <i>B 9,355</i> | 118,801 <i>B 20,729</i> | 130,330 <i>B 24,724</i> |
| Spending authority from offsetting collections, mandatory | BA | 179 | 2,718 | 3,345 | 2,481 | 796 | | |
| Outlays | O | 80,697 | 92,394 | 102,165 <i>B-685</i> <i>J-146</i> | 104,699 <i>B 1,134</i> <i>J-146</i> | 113,676 <i>B 9,355</i> <i>J-148</i> | 120,689 <i>B 20,729</i> <i>J-151</i> | 132,190 <i>B 24,724</i> <i>J-155</i> |
| Federal supplementary medical insurance trust fund (gross) | BA | 80,717 | 92,458 | 101,296 | 105,708 | 122,947 | 141,216 | 156,777 |
| Total, offsetting collections | O | 80,697 | 92,394 | 101,334 | 105,687 | 122,883 | 141,267 | 156,759 |
| Total Federal supplementary medical insurance trust fund (net) | BA O | 80,538 80,518 | 89,740 89,676 | 97,951 97,989 | 103,227 103,206 | 122,151 122,087 | 141,216 141,267 | 156,777 156,759 |
| Total Federal funds Health Care Financing Administration | BA O | 176,250 178,161 | 195,859 190,409 | 222,139 219,749 | 235,604 234,958 | 248,756 248,556 | 275,712 275,622 | 300,855 299,859 |
| Total Trust funds Health Care Financing Administration | BA O | 212,175 212,018 | 224,434 224,270 | 243,392 243,703 | 254,933 254,904 | 278,312 278,036 | 306,084 306,378 | 333,527 333,479 |
| Total Federal funds Health Programs | BA O | 204,646 203,649 | 227,532 219,047 | 255,748 251,941 | 269,134 268,618 | 282,650 282,233 | 310,397 309,800 | 336,298 334,730 |
| Total Trust funds Health Programs | BA O | 212,235 212,078 | 224,581 224,418 | 243,616 243,927 | 255,127 255,098 | 278,507 278,231 | 306,282 306,576 | 333,728 333,680 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|------------------|------------------|---|-----------------------|------------------------|-----------------------|------------------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Administration for Children and Families | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Temporary assistance for needy families: | | | | | | | | |
| Appropriation, mandatory | 609 BA | 17,693 | 16,689 | 16,679 <i>O -240</i> | 16,679 | 16,679 | 16,679 | 16,679 |
| Outlays | O | 14,161 | 14,996 | 15,742 <i>B 208</i> <i>O -122</i> | 16,522 <i>B 90</i> | 17,323 <i>B 117</i> | 17,933 <i>B 32</i> | 18,284 <i>B -94</i> |
| Total Temporary assistance for needy families | BA O | 17,693 14,161 | 16,689 14,996 | 16,439 15,828 | 16,679 16,612 | 16,679 17,440 | 16,679 17,965 | 16,679 18,190 |
| Payments to states for child support enforcement and family support programs: | | | | | | | | |
| Appropriation, mandatory | 609 BA | 1,989 | 283 | 2,442 <i>B 32</i> | 2,349 <i>B 33</i> | 2,556 <i>B 33</i> | 2,783 <i>B 33</i> | 2,947 <i>B 32</i> |
| Advance appropriation, mandatory | BA | 660 | 750 | 650 | 1,000 | 1,050 | 1,100 | 1,150 |
| Spending authority from offsetting collections, mandatory | BA | 400 | 382 | 415 | 460 | 461 | 454 | 446 |
| Outlays | O | 3,156 | 3,435 | 3,474 <i>B 32</i> | 3,759 <i>B 33</i> | 4,014 <i>B 33</i> | 4,285 <i>B 33</i> | 4,501 <i>B 32</i> |
| Payments to states for child support enforcement and family support programs (gross) | BA O | 3,049 3,156 | 1,415 3,435 | 3,539 3,506 | 3,842 3,792 | 4,100 4,047 | 4,370 4,318 | 4,575 4,533 |
| Total, offsetting collections | | -400 | -382 | -415 | -460 | -461 | -454 | -446 |
| Total Payments to states for child support enforcement and family support pro- grams (net) | BA O | 2,649 2,756 | 1,033 3,053 | 3,124 3,091 | 3,382 3,332 | 3,639 3,586 | 3,916 3,864 | 4,129 4,087 |
| Low income home energy assistance: | | | | | | | | |
| Appropriation, discretionary | 609 BA | 175 | 300 | 300 | 300 | 304 | 311 | 318 |
| Reappropriation, discretionary | BA | 2 | | | | | | |
| Advance appropriation, discretionary | BA | 1,100 | 1,100 | 1,100 | 1,100 | 1,113 | 1,141 | 1,166 |
| Outlays | O | 1,176 | 1,242 | 1,105 | 1,102 | 1,110 | 1,133 | 1,159 |
| Total Low income home energy assistance | BA O | 1,277 1,176 | 1,400 1,242 | 1,400 1,105 | 1,400 1,102 | 1,417 1,110 | 1,452 1,133 | 1,484 1,159 |
| Refugee and entrant assistance: | | | | | | | | |
| Appropriation, discretionary | 609 BA | 415 | 426 | 433 | 433 | 438 | 449 | 459 |
| Reappropriation, discretionary | BA | 66 | 28 | | | | | |
| Outlays | O | 332 | 444 | 446 | 440 | 436 | 440 | 447 |
| Total Refugee and entrant assistance | BA O | 481 332 | 454 444 | 433 446 | 433 440 | 438 436 | 449 440 | 459 447 |
| Promoting safe and stable families: | | | | | | | | |
| Appropriation, mandatory | 506 BA | 275 | 295 | 305 | 305 | 305 | 305 | 305 |
| Outlays | O | 248 | 286 | 288 | 301 | 304 | 305 | 305 |
| Job opportunities and basic skills training program: | | | | | | | | |
| Outlays | 504 O | 9 | 8 | 5 | | | | |
| State legalization impact assistance grants: | | | | | | | | |
| Outlays | 506 O | -1 | | | | | | |
| Child care entitlement to States: | | | | | | | | |
| Appropriation, mandatory | 609 BA | 2,167 | 2,367 | 2,567 <i>B 600</i> | 2,717 <i>B 600</i> | 2,717 <i>B 600</i> | 2,717 <i>B 600</i> | 2,717 <i>B 600</i> |
| Outlays | O | 2,254 | 2,420 | 2,556 <i>B 402</i> | 2,685 <i>B 588</i> | 2,717 <i>B 606</i> | 2,717 <i>B 606</i> | 2,717 <i>B 600</i> |
| Total Child care entitlement to States | BA O | 2,167 2,254 | 2,367 2,420 | 3,167 2,958 | 3,317 3,273 | 3,317 3,323 | 3,317 3,323 | 3,317 3,317 |
| Payments to States for the child care and development block grant: | | | | | | | | |
| Appropriation, discretionary | 609 BA | 1,000 | | 817 | | | | |
| Advance appropriation, discretionary | BA | | 1,183 | 1,183 | 2,000 | 2,024 | 2,074 | 2,120 |
| Outlays | O | 1,032 | 1,147 | 1,720 | 1,974 | 2,017 | 2,056 | 2,103 |
| Total Payments to States for the child care and development block grant | BA O | 1,000 1,032 | 1,183 1,147 | 2,000 1,720 | 2,000 1,974 | 2,024 2,017 | 2,074 2,056 | 2,120 2,103 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Social services block grant: | | | | | | | | |
| Appropriation, mandatory | 506 BA | 1,909 | 1,775 | 1,700 ^{B 75} | 1,700 | 1,700 | 1,700 | 1,700 |
| Outlays | O | 1,993 | 1,623 | 1,932 ^{B 66} | 1,710 ^{B 9} | 1,710 | 1,710 | 1,710 |
| Total Social services block grant | BA | 1,909 | 1,775 | 1,775 | 1,700 | 1,700 | 1,700 | 1,700 |
| | O | 1,993 | 1,623 | 1,998 | 1,719 | 1,710 | 1,710 | 1,710 |
| Children and families services programs: | | | | | | | | |
| Appropriation, discretionary | 506 BA | 6,029 | 5,328 | 6,272 | 6,272 | 6,347 | 6,506 | 6,647 |
| Advance appropriation, discretionary | BA | | | 1,400 | 1,400 | 1,417 | 1,452 | 1,484 |
| Spending authority from offsetting collections, discretionary | BA | 16 | 14 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 5,723 | 6,228 | 7,027 | 7,782 | 7,835 | 7,916 | 8,061 |
| Children and families services programs (gross) | BA | 6,045 | 5,342 | 7,686 | 7,686 | 7,778 | 7,973 | 8,146 |
| | O | 5,723 | 6,228 | 7,027 | 7,782 | 7,835 | 7,916 | 8,061 |
| Change in receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Total, offsetting collections | | -20 | -14 | -14 | -14 | -14 | -15 | -15 |
| Total Children and families services programs (net) | BA | 6,029 | 5,328 | 7,672 | 7,672 | 7,764 | 7,958 | 8,131 |
| | O | 5,703 | 6,214 | 7,013 | 7,768 | 7,821 | 7,901 | 8,046 |
| Violent crime reduction programs: | | | | | | | | |
| Appropriation, discretionary | 754 BA | 105 | 101 | 134 | 134 | 136 | 139 | 142 |
| Outlays | O | 70 | 103 | 112 | 122 | 130 | 136 | 139 |
| Children's research and technical assistance: | | | | | | | | |
| Appropriation, mandatory | 609 BA | 52 | 39 | 58 ^{B 1} | 59 | 59 | 61 ^{B -1} | 61 ^{B -1} |
| Spending authority from offsetting collections, mandatory | BA | 4 | 9 | 13 | 14 | 14 | 14 | 14 |
| Outlays | O | 57 | 71 | 68 ^{B 3} | 67 ^{B 2} | 75 ^{B 2} | 74 ^{B 2} | 74 ^{B 2} |
| Children's research and technical assistance (gross) | BA | 56 | 48 | 72 | 73 | 73 | 74 | 74 |
| | O | 57 | 71 | 71 | 69 | 77 | 76 | 76 |
| Total, offsetting collections | | -4 | -9 | -13 | -14 | -14 | -14 | -14 |
| Total Children's research and technical assistance (net) | BA | 52 | 39 | 59 | 59 | 59 | 60 | 60 |
| | O | 53 | 62 | 58 | 55 | 63 | 62 | 62 |
| Payments to states for foster care and adoption assistance: | | | | | | | | |
| Appropriation, mandatory | 506 BA | 3,764 | 4,307 ^{A 35} | 4,863 ^{B 5} | 5,208 | 5,658 | 6,159 | 6,715 |
| Advance appropriation, mandatory | BA | 1,158 | 1,355 | 1,538 | 1,736 | 1,886 | 2,053 | 2,239 |
| Outlays | O | 4,707 | 5,490 ^{A 5} | 6,272 ^{A 21} | 6,892 ^{A 7} | 7,467 ^{A 2} | 8,113 ^{B 1} | 8,842 ^{B 1} |
| Total Payments to states for foster care and adoption assistance | BA | 4,922 | 5,697 | 6,406 | 6,944 | 7,544 | 8,212 | 8,954 |
| | O | 4,707 | 5,495 | 6,294 | 6,900 | 7,470 | 8,114 | 8,843 |
| Total Federal funds Administration for Children and Families | BA | 38,559 | 36,361 | 42,914 | 44,025 | 45,022 | 46,261 | 47,480 |
| | O | 34,493 | 37,093 | 40,916 | 43,598 | 45,410 | 47,009 | 48,408 |

Administration on Aging

Federal funds

General and Special Funds:

| | | | | | | | | |
|---------------------------------|--------|-----|-----|-------|-------|-------|-------|-------|
| Aging services programs: | | | | | | | | |
| Appropriation, discretionary | 506 BA | 882 | 933 | 1,084 | 1,084 | 1,097 | 1,124 | 1,149 |
| Outlays | O | 879 | 886 | 1,020 | 1,072 | 1,092 | 1,115 | 1,140 |

Departmental Management

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| General departmental management: | | | | | | | | |
| Appropriation, discretionary | 551 BA | 773 | 824 | 526 | 526 | 532 | 546 | 557 |
| Spending authority from offsetting collections, discretionary | BA | 109 | 101 | 111 | 111 | 112 | 115 | 118 |

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 449 | 906 | 618 | 678 | 660 | 654 | 666 |
| General departmental management (gross) | BA | 882 | 925 | 637 | 637 | 644 | 661 | 675 |
| | O | 449 | 906 | 618 | 678 | 660 | 654 | 666 |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -106 | -101 | -111 | -111 | -112 | -115 | -118 |
| Total General departmental management (net) | BA | 774 | 824 | 526 | 526 | 532 | 546 | 577 |
| | O | 343 | 805 | 507 | 567 | 548 | 539 | 548 |

Program Support Center

Federal funds

General and Special Funds:

Retirement pay and medical benefits for commissioned officers:

| | | | | | | | | |
|--------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory | 551 BA | 202 | 215 | 220 | 234 | 249 | 265 | 282 |
| Outlays | O | 202 | 215 | 219 | 214 | 228 | 243 | 258 |

Intragovernmental Funds:

HHS service and supply fund:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory | 551 BA | 421 | 411 | 434 | 434 | 434 | 434 | 434 |
| Outlays | O | 421 | 411 | 434 | 434 | 434 | 434 | 434 |

| | | | | | | | | |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| HHS service and supply fund (gross) | BA | 421 | 411 | 434 | 434 | 434 | 434 | 434 |
| | O | 421 | 411 | 434 | 434 | 434 | 434 | 434 |

| | | | | | | | | |
|---|----|------|------|------|------|------|------|------|
| Change in receivables and unpaid, unfilled orders | BA | -45 | | | | | | |
| Total, offsetting collections | | -376 | -411 | -434 | -434 | -434 | -434 | -434 |

| | | | | | | | | |
|---|----|----|--|--|--|--|--|--|
| Total HHS service and supply fund (net) | BA | | | | | | | |
| | O | 45 | | | | | | |

Trust funds

Miscellaneous trust funds:

| | | | | | | | | |
|--------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory | 551 BA | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| Outlays | O | 60 | 55 | 53 | 52 | 52 | 52 | 52 |

| | | | | | | | | |
|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Program Support Center | BA | 202 | 215 | 220 | 234 | 249 | 265 | 282 |
| | O | 247 | 215 | 219 | 214 | 228 | 243 | 258 |

| | | | | | | | | |
|--|----|----|----|----|----|----|----|----|
| Total Trust funds Program Support Center | BA | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| | O | 60 | 55 | 53 | 52 | 52 | 52 | 52 |

Office of the Inspector General

Federal funds

General and Special Funds:

Office of the Inspector General:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 551 BA | 29 | 31 | 34 | 34 | 34 | 35 | 36 |
| Spending authority from offsetting collections, discretionary | BA | 14 | 22 | 23 | 23 | 23 | 24 | 24 |
| Outlays | O | 58 | 45 | 58 | 57 | 57 | 59 | 60 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Office of the Inspector General (gross) | BA | 43 | 53 | 57 | 57 | 57 | 59 | 60 |
| | O | 58 | 45 | 58 | 57 | 57 | 59 | 60 |

| | | | | | | | | |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Change in receivables and unpaid, unfilled orders | BA | 10 | | | | | | |
| Total, offsetting collections | | -24 | -22 | -23 | -23 | -23 | -24 | -24 |

| | | | | | | | | |
|---|----|----|----|----|----|----|----|----|
| Total Office of the Inspector General (net) | BA | 29 | 31 | 34 | 34 | 34 | 35 | 36 |
| | O | 34 | 23 | 35 | 34 | 34 | 35 | 36 |

Allowances

Federal funds

General and Special Funds:

Effect of proposed repeal of obligation delays enacted in P.L. 106-113, Health and Human Services

(Social services):

| | | | | | | | | |
|-----------------|-------|--|--|------------------|--|-------------------|--|--|
| (Outlays) | 506 O | | | ^A 232 | | ^A -232 | | |
|-----------------|-------|--|--|------------------|--|-------------------|--|--|

DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------------|------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| (Health research and training): | | | | | | | | |
| (Outlays) | 552 O | | ^A 267 | ^A -267 | | | | |
| Total Effect of proposed repeal of obligation delays enacted in P.L. 106-113, Health and Human Services | O | | 499 | -499 | | | | |
| Total Federal funds Allowances | O | | 499 | -499 | | | | |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 245,092 | 265,896 | 300,526 | 315,037 | 329,584 | 358,628 | 385,802 |
| | O | 239,645 | 258,568 | 294,139 | 314,103 | 329,545 | 358,741 | 385,120 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 551 BA/O | -5 | -5 | -5 | -5 | -5 | -5 | -5 |
| | 552 BA/O | -15 | -15 | -15 | -15 | -15 | -15 | -15 |
| | 554 BA/O | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| | 609 BA/O | -868 | -851 | -850 | -820 | -865 | -874 | -853 |
| | | | | ^B -22 | ^B -14 | ^B 16 | ^B 24 | ^B 21 |
| Total Federal funds | BA | 244,203 | 265,024 | 299,633 | 314,182 | 328,714 | 357,757 | 384,949 |
| | O | 238,756 | 257,696 | 293,246 | 313,248 | 328,675 | 357,870 | 384,267 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 212,287 | 224,633 | 243,668 | 255,179 | 278,559 | 306,334 | 333,780 |
| | O | 212,138 | 224,473 | 243,980 | 255,150 | 278,283 | 306,628 | 333,732 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 551 BA/O | -25 | -25 | -25 | -25 | -25 | -25 | -25 |
| | 571 BA/O | -21,561 | -21,735 | -23,340 | -25,396 | -27,813 | -30,427 | -33,095 |
| | | | | ^B 180 | ^B -226 | ^B -8,052 | ^B -10,921 | ^B -13,703 |
| | 908 BA/O | -9 | | | | | | |
| Total Trust funds | BA | 190,692 | 202,873 | 220,483 | 229,532 | 242,669 | 264,961 | 286,957 |
| | O | 190,543 | 202,713 | 220,795 | 229,503 | 242,393 | 265,255 | 286,909 |
| Interfund transactions | 551 BA/O | | -75 | -100 | -100 | -101 | -104 | -106 |
| | 571 BA/O | -69,598 | -72,995 | -77,426 | -83,923 | -91,736 | -98,133 | -105,748 |
| | | | | ^J -15,120 | ^J -11,820 | ^J -3,636 | ^J -9,668 | ^J -11,404 |
| Total Department of Health and Human Services | BA | 365,297 | 394,827 | 427,470 | 447,871 | 475,910 | 514,813 | 554,648 |
| | O | 359,701 | 387,339 | 421,395 | 446,908 | 475,595 | 515,220 | 553,918 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|---------------|-------------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Public and Indian Housing Programs | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Housing certificate fund: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 9,411 | 4,963 | 9,928 | 9,928 | 10,047 | 10,297 | 10,521 |
| | | | ^H -103 | | | | | |
| Advance appropriation, discretionary | BA | | 4,200 | 4,200 | 4,250 | 4,356 | 4,451 | |
| Outlays | O | 7,858 | 16,090 | 16,579 | 17,098 | 17,474 | 17,514 | 17,796 |
| Total Housing certificate fund | BA | 9,411 | 4,860 | 14,128 | 14,128 | 14,297 | 14,653 | 14,972 |
| | O | 7,858 | 16,090 | 16,579 | 17,098 | 17,474 | 17,514 | 17,796 |
| Section 8 reserve preservation account: | | | | | | | | |
| Outlays | 604 O | 429 | | | | | | |
| Annual contributions for assisted housing: | | | | | | | | |
| Appropriation, discretionary | 604 BA | -1,089 | -120 | | | | | |
| Outlays | O | 7,365 | | | | | | |
| Moving to work: | | | | | | | | |
| Appropriation, discretionary | 451 BA | | 5 | | | | | |
| Outlays | O | | 3 | 2 | | | | |
| Public housing capital fund: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 3,000 | 2,869 | 2,955 | 2,955 | 2,991 | 3,064 | 3,132 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 3,080 | 3,159 | 3,345 | 2,791 | 2,961 | 3,309 | 3,311 |
| Public housing operating fund: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 2,818 | 3,138 | 3,192 | 3,192 | 3,230 | 3,310 | 3,383 |
| Outlays | O | 2,876 | 2,972 | 3,160 | 3,192 | 3,211 | 3,270 | 3,346 |
| Drug elimination grants for low-income housing: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 310 | 310 | 345 | 345 | 349 | 358 | 366 |
| Outlays | O | 283 | 325 | 315 | 302 | 335 | 346 | 350 |
| Revitalization of severely distressed public housing (HOPE VI): | | | | | | | | |
| Appropriation, discretionary | 604 BA | 625 | 575 | 625 | 625 | 633 | 648 | 662 |
| Outlays | O | 321 | 588 | 597 | 706 | 734 | 591 | 621 |
| Native American housing block grant: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 620 | 620 | 650 | 650 | 657 | 673 | 688 |
| Outlays | O | 597 | 665 | 699 | 590 | 579 | 625 | 645 |
| Limitation on loan guarantee commitments | | (55) | (55) | (43) | (43) | (44) | (45) | (46) |
| Public Enterprise Funds: | | | | | | | | |
| Low-rent public housing—loans and other expenses: | | | | | | | | |
| Authority to borrow, mandatory | 604 BA | 25 | 40 | 40 | 30 | 30 | 30 | 30 |
| Spending authority from offsetting collections, mandatory | BA | 83 | 71 | 71 | 71 | 74 | 74 | 74 |
| Outlays | O | 116 | 116 | 116 | 43 | 36 | 25 | 19 |
| Low-rent public housing—loans and other expenses (gross) | BA | 108 | 111 | 111 | 101 | 104 | 104 | 104 |
| | O | 116 | 116 | 116 | 43 | 36 | 25 | 19 |
| Total, offsetting collections | | -83 | -71 | -71 | -71 | -74 | -74 | -74 |
| Total Low-rent public housing—loans and other expenses (net) | BA | 25 | 40 | 40 | 30 | 30 | 30 | 30 |
| | O | 33 | 45 | 45 | -28 | -38 | -49 | -55 |
| Credit Accounts: | | | | | | | | |
| Indian housing loan guarantee fund program account: | | | | | | | | |
| Appropriation, discretionary | 371 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Reappropriation, discretionary | BA | 4 | | | | | | |
| Outlays | O | 2 | 7 | 7 | 7 | 8 | 9 | 9 |
| Limitation on loan guarantee commitments | | (69) | (72) | (72) | (72) | (73) | (75) | (76) |
| Total Indian housing loan guarantee fund program account | BA | 10 | 6 | 6 | 6 | 6 | 6 | 6 |
| | O | 2 | 7 | 7 | 7 | 8 | 9 | 9 |
| Total Federal funds Public and Indian Housing Programs | BA | 15,730 | 12,303 | 21,941 | 21,931 | 22,193 | 22,742 | 23,239 |
| | O | 22,844 | 23,854 | 24,749 | 24,658 | 25,264 | 25,615 | 26,023 |

Community Planning and Development

Federal funds

General and Special Funds:

| | | | | | | | | |
|--|--------|--------------|--------------|------------------|------------------|------------------|------------------|------------------|
| Housing opportunities for persons with AIDS: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 225 | 232 | 260 | 260 | 263 | 270 | 276 |
| Outlays | O | 211 | 212 | 212 | 212 | 245 | 255 | 264 |
| Community development block grants: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 4,893 | 4,781 | 4,895 | 4,895 | 4,954 | 5,077 | 5,188 |
| Outlays | O | 4,804 | 4,856 | 4,826 | 4,956 | 4,997 | 5,074 | 4,979 |
| | | | | J 5 | J 5 | J 5 | J 5 | J 5 |
| | | | | J 2 | J 2 | J 4 | J 5 | J 5 |
| Total Community development block grants | BA | 4,893 | 4,781 | 4,900 | 4,900 | 4,959 | 5,082 | 5,193 |
| | O | 4,804 | 4,856 | 4,826 | 4,958 | 5,001 | 5,079 | 4,984 |
| Regional connections: | | | | | | | | |
| Appropriation, discretionary | 452 BA | | | J 25 | J 25 | J 25 | J 26 | J 26 |
| Outlays | O | | | J 1 | J 9 | J 20 | J 24 | J 25 |
| Urban empowerment zones: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 45 | 55 | | | | | |
| Appropriation, mandatory | BA |  |  | ^{B} 150 | ^{B} 150 | ^{B} 150 | ^{B} 150 | ^B 150 |
| Outlays | O | 3 | 17 | 37 | 30 | 11 | 4 | 2 |
| | | | | ^B 3 | ^B 51 | ^B 114 | ^B 138 | ^B 144 |
| Total Urban empowerment zones | BA | 45 | 55 | 150 | 150 | 150 | 150 | 150 |
| | O | 3 | 17 | 40 | 81 | 125 | 142 | 146 |
| Brownfields redevelopment: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 25 | 25 | 50 | 50 | 51 | 52 | 53 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | | 10 | 28 | 43 | 47 | 49 | 50 |
| Youthbuild program: | | | | | | | | |
| Outlays | 604 O | 2 | 2 | | | | | |
| Home investment partnership program: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 1,600 | 1,600 | 1,650 | 1,650 | 1,670 | 1,711 | 1,749 |
| Outlays | O | 1,347 | 1,657 | 1,734 | 1,769 | 1,626 | 1,647 | 1,670 |
| Homeless assistance grants: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 975 | 1,020 | 1,200 | 1,200 | 1,214 | 1,245 | 1,271 |
| Outlays | O | 643 | 961 | 1,112 | 1,272 | 1,431 | 1,375 | 1,264 |
| Rural housing and economic development: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 32 | 25 | 27 | 27 | 27 | 28 | 29 |
| Outlays | O | | 11 | 22 | 25 | 27 | 28 | 28 |
| Urban development action grants: | | | | | | | | |
| Outlays | 451 O | 18 | 10 | 10 | 10 | 10 | 10 | 10 |
| Capacity building for community development and affordable housing: | | | | | | | | |
| Outlays | 451 O | 9 | 9 | 7 | 3 | | | |
| Supportive housing program: | | | | | | | | |
| Outlays | 604 O | 63 | | | | | | |
| Shelter plus care: | | | | | | | | |
| Outlays | 604 O | 75 | | | | | | |
| Innovative homeless initiatives demonstration program: | | | | | | | | |
| Outlays | 604 O | 9 | | | | | | |
| National cities in schools community development program: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 4 | 4 | 6 | 6 | 6 | 6 | 6 |
| Public Enterprise Funds: | | | | | | | | |
| Revolving fund (liquidating programs): | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 451 BA | 53 | 44 | 42 | 37 | 28 | 19 | 15 |
| Outlays | O | 7 | 16 | 14 | 9 | 6 | 5 | 4 |
| Revolving fund (liquidating programs) (gross) | BA | 53 | 44 | 42 | 37 | 28 | 19 | 15 |
| | O | 7 | 16 | 14 | 9 | 6 | 5 | 4 |
| Total, offsetting collections | | -53 | -44 | -42 | -37 | -28 | -19 | -15 |
| Total Revolving fund (liquidating programs) (net) | BA | -46 | -28 | -28 | -28 | -22 | -14 | -11 |
| | O | | | | | | | |
| Credit Accounts: | | | | | | | | |
| Community development loan guarantees program account: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 30 | 30 | 30 | 30 | 30 | 31 | 32 |
| Outlays | O | 9 | 16 | 21 | 27 | 31 | 30 | 31 |
| Limitation on loan guarantee commitments | | (1,261) | (1,261) | (1,217) | (1,217) | (1,232) | (1,262) | (1,290) |
| Community development loan guarantees liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 451 BA | 24 | 4 | 4 | 5 | 1 | 1 | 1 |
| Outlays | O | 4 | | | | | | |
| Community development loan guarantees liquidating account (gross) | BA | 24 | 4 | 4 | 5 | 1 | 1 | 1 |
| | O | 4 | | | | | | |
| Total, offsetting collections | | -24 | -4 | -4 | -5 | -1 | -1 | -1 |
| Total Community development loan guarantees liquidating account (net) | BA | -20 | -4 | -4 | -5 | -1 | -1 | -1 |
| | O | | | | | | | |
| America's private investment companies program account: | | | | | | | | |
| Appropriation, discretionary | 451 BA | | 20 | 37 | 37 | 37 | 38 | 39 |
| Outlays | O | | 15 | 28 | 31 | 35 | 37 | 39 |
| Limitation on loan guarantee commitments | | | (541) | (1,000) | (1,000) | (1,012) | (1,037) | (1,060) |
| Total Federal funds Community Planning and Development | BA | 7,830 | 7,793 | 8,334 | 8,334 | 8,431 | 8,638 | 8,823 |
| | O | 7,131 | 7,748 | 8,015 | 8,413 | 8,581 | 8,667 | 8,505 |

Housing Programs
Federal funds

General and Special Funds:

| | | | | | | | | |
|----------------------------------|--------|-----|-----|-------|-------|-------|-------|-------|
| Housing for special populations: | | | | | | | | |
| Appropriation, discretionary | 604 BA | 854 | 911 | 989 | 989 | 1,001 | 1,026 | 1,048 |
| Outlays | O | 761 | 784 | 1,014 | 1,336 | 1,577 | 1,944 | 2,073 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | |
|--|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Other assisted housing programs (Housing assistance): | | | | | | | |
| (Appropriation, discretionary) | 604 BA | -7 | | | | | |
| (Outlays) | O | 708 | 710 | 711 | 712 | 713 | 714 |
| Total Other assisted housing programs | BA | -7 | | | | | |
| | O | 708 | 710 | 711 | 712 | 713 | 714 |
| Homeownership and opportunity for people everywhere grants (HOPE grants): | | | | | | | |
| Appropriation, discretionary | 604 BA | -11 | | | | | |
| Outlays | O | 18 | 18 | 18 | 11 | | |
| Congregate services: | | | | | | | |
| Outlays | 604 O | 5 | 2 | | | | |
| Section 8 moderate rehabilitation, single room occupancy: | | | | | | | |
| Outlays | 604 O | 31 | | | | | |
| Manufactured home inspection and monitoring: | | | | | | | |
| Appropriation, mandatory | 376 BA | 15 | 16 | 17 | 18 | 19 | 20 |
| Outlays | O | 15 | 15 | 16 | 17 | 18 | 19 |
| Public Enterprise Funds: | | | | | | | |
| Rental housing assistance fund: | | | | | | | |
| Spending authority from offsetting collections, mandatory | 604 BA | 34 | 31 | 28 | 27 | 25 | 24 |
| Outlays | O | 34 | 31 | 28 | 27 | 25 | 24 |
| Rental housing assistance fund (gross) | BA | 34 | 31 | 28 | 27 | 25 | 24 |
| | O | 34 | 31 | 28 | 27 | 25 | 24 |
| Total, offsetting collections | | -34 | -31 | -28 | -27 | -25 | -24 |
| Total Rental housing assistance fund (net) | BA | | | | | | |
| | O | | | | | | |
| Flexible Subsidy Fund: | | | | | | | |
| Spending authority from offsetting collections, discretionary | 604 BA | 48 | 39 | 36 | 36 | 36 | 37 |
| Outlays | O | 17 | 14 | 20 | 3 | | |
| Flexible Subsidy Fund (gross) | BA | 48 | 39 | 36 | 36 | 36 | 37 |
| | O | 17 | 14 | 20 | 3 | | |
| Total, offsetting collections | | -48 | -39 | -36 | -36 | -36 | -37 |
| Total Flexible Subsidy Fund (net) | BA | | | | | | |
| | O | -31 | -25 | -16 | -33 | -36 | -37 |
| Homeownership assistance fund: | | | | | | | |
| Spending authority from offsetting collections, mandatory | 604 BA | 1 | | | | | |
| Homeownership assistance fund (gross) | BA | 1 | | | | | |
| Total, offsetting collections | | -1 | | | | | |
| Total Homeownership assistance fund (net) | BA | | | | | | |
| | O | -1 | | | | | |
| Nehemiah housing opportunity fund: | | | | | | | |
| Outlays | 604 O | 2 | 8 | 8 | 8 | | |
| Credit Accounts: | | | | | | | |
| FHA-mutual mortgage insurance program account: | | | | | | | |
| Appropriation, discretionary | 371 BA | 329 | 491 | 491 | 491 | 497 | 509 |
| Appropriation, mandatory | BA | 4,494 | | | | | |
| Outlays | O | 4,823 | 451 | 491 | 491 | 496 | 508 |
| Limitation on mandatory administrative expenses | | (329) | (491) | (491) | (491) | (497) | (509) |
| Limitation on direct loan activity | | (100) | (100) | (250) | (250) | (253) | (259) |
| Limitation on loan guarantee commitments | | (140,000) | (140,000) | (160,000) | (160,000) | (161,920) | (165,936) |
| Total FHA-mutual mortgage insurance program account | BA | 4,823 | 491 | 491 | 491 | 497 | 509 |
| | O | 4,823 | 451 | 491 | 491 | 496 | 508 |
| FHA-Mutual mortgage and cooperative housing insurance funds liquidating account: | | | | | | | |
| Spending authority from offsetting collections, mandatory | 371 BA | 4,939 | 4,651 | 4,986 | 1,818 | 1,887 | 1,980 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------------------|-----------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Outlays | O | 4,620 | 714 | 444 | 254 | 201 | 122 | 119 |
| FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (gross) | BA | 4,939 | 4,651 | 4,986 | 1,818 | 1,887 | 1,980 | 2,069 |
| | O | 4,620 | 714 | 444 | 254 | 201 | 122 | 119 |
| Total, offsetting collections | | -4,939 | -4,651 | -5,341 | -1,818 | -1,887 | -1,980 | -2,069 |
| Total FHA-Mutual mortgage and cooperative housing insurance funds liquidating account (net) | BA | | | -355 | | | | |
| | O | -319 | -3,937 | -4,897 | -1,564 | -1,686 | -1,858 | -1,950 |
| FHA-General and special risk program account: | | | | | | | | |
| Appropriation, discretionary | 371 BA | 292 | 262 | 456 | 456 | 462 | 473 | 484 |
| | | | ^A 49 | | | | | |
| Appropriation, mandatory | BA | 233 | | | | | | |
| Reappropriation, discretionary | BA | 16 | | | | | | |
| Outlays | O | 638 | 479 | 469 | 456 | 460 | 471 | 482 |
| | | | ^A 37 | ^A 12 | | | | |
| Limitation on direct loan activity | | (50) | (50) | (50) | (50) | (51) | (52) | (53) |
| Limitation on loan guarantee commitments | | (18,100) | (18,100) | (21,000) | (21,000) | (21,252) | (21,779) | (22,256) |
| | | | ^A (2,835) | | | | | |
| Total FHA-General and special risk program account | BA | 541 | 311 | 456 | 456 | 462 | 473 | 484 |
| | O | 638 | 516 | 481 | 456 | 460 | 471 | 482 |
| FHA-General and special risk insurance funds liquidating account: | | | | | | | | |
| Appropriation, mandatory | 371 BA | | 502 | 2,346 | 630 | 630 | 292 | 176 |
| Authority to borrow, mandatory | BA | 76 | 46 | 46 | 46 | 46 | 46 | 46 |
| Spending authority from offsetting collections, mandatory | BA | 552 | 668 | 653 | 622 | 743 | 772 | 547 |
| Outlays | O | 1,057 | 1,170 | 2,999 | 1,252 | 1,373 | 1,064 | 723 |
| FHA-General and special risk insurance funds liquidating account (gross) | BA | 628 | 1,216 | 3,045 | 1,298 | 1,419 | 1,110 | 769 |
| | O | 1,057 | 1,170 | 2,999 | 1,252 | 1,373 | 1,064 | 723 |
| Total, offsetting collections | | -559 | -668 | -653 | -622 | -743 | -772 | -547 |
| Total FHA-General and special risk insurance funds liquidating account (net) | BA | 69 | 548 | 2,392 | 676 | 676 | 338 | 222 |
| | O | 498 | 502 | 2,346 | 630 | 630 | 292 | 176 |
| Housing for the elderly or handicapped fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 371 BA | 772 | 751 | 751 | 751 | 751 | 751 | 751 |
| Outlays | O | 382 | 365 | 267 | 361 | 361 | 361 | 361 |
| Housing for the elderly or handicapped fund liquidating account (gross) | BA | 772 | 751 | 751 | 751 | 751 | 751 | 751 |
| | O | 382 | 365 | 267 | 361 | 361 | 361 | 361 |
| Total, offsetting collections | | -772 | -751 | -751 | -751 | -751 | -751 | -751 |
| Total Housing for the elderly or handicapped fund liquidating account (net) | BA | | | | | | | |
| | O | -390 | -386 | -484 | -390 | -390 | -390 | -390 |
| Nonprofit sponsor assistance liquidating account: | | | | | | | | |
| Appropriation, discretionary | 604 BA | | -6 | | | | | |
| Total Federal funds Housing Programs | BA | 6,302 | 2,253 | 3,990 | 2,630 | 2,655 | 2,366 | 2,296 |
| | O | 6,758 | -1,342 | -312 | 1,674 | 1,782 | 1,663 | 1,607 |

Government National Mortgage Association

Federal funds

Credit Accounts:

| | | | | | | | | |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Guarantees of mortgage-backed securities loan guarantee program account: | | | | | | | | |
| Appropriation, discretionary | 371 BA | 9 | 9 | 49 | 49 | 49 | 50 | 52 |
| Outlays | O | 9 | 9 | 49 | 49 | 50 | 51 | 52 |
| Limitation on loan guarantee commitments | | (200,000) | (200,000) | (200,000) | (200,000) | (202,400) | (207,420) | (211,962) |
| Guarantees of mortgage-backed securities liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 371 BA | | | -50 | -50 | -51 | -52 | -53 |
| Spending authority from offsetting collections, mandatory | BA | 428 | 532 | 159 | 54 | 53 | 51 | 51 |

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 93 | 6,358 | 35 | ..... | -1 | -2 | -3 |
| Guarantees of mortgage-backed securities liquidating account (gross) | BA | 428 | 532 | 109 | 4 | 2 | -1 | -2 |
| | O | 93 | 6,358 | 35 | ..... | -1 | -2 | -3 |
| Total, offsetting collections | | -428 | -532 | -159 | -54 | -53 | -51 | -51 |
| Total Guarantees of mortgage-backed securities liquidating account (net) | BA | ..... | ..... | -50 | -50 | -51 | -52 | -53 |
| | O | -335 | 5,826 | -124 | -54 | -54 | -53 | -54 |
| Total Federal funds Government National Mortgage Association | BA | 9 | 9 | -1 | -1 | -2 | -2 | -1 |
| | O | -326 | 5,835 | -75 | -5 | -4 | -2 | -2 |

Policy Development and Research

Federal funds

General and Special Funds:

Research and technology:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 451 | BA | 58 | 45 | 62 | 62 | 63 | 64 | 66 |
| Outlays | | O | 27 | 53 | 56 | 65 | 68 | 67 | 64 |

Fair Housing and Equal Opportunity

Federal funds

General and Special Funds:

Fair housing activities:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 751 | BA | 40 | 44 | 50 | 50 | 51 | 52 | 53 |
| Outlays | | O | 31 | 36 | 31 | 48 | 49 | 50 | 51 |

Office of Lead Hazard Control

Federal funds

General and Special Funds:

Lead hazard reduction:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 451 | BA | 80 | 80 | 120 | 120 | 121 | 124 | 127 |
| Outlays | | O | 2 | 80 | 81 | 97 | 86 | 100 | 112 |

Management and Administration

Federal funds

General and Special Funds:

Salaries and expenses

(Community development):

| | | | | | | | | | |
|---|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (Appropriation, discretionary) | 451 | BA | 64 | 65 | 77 | 77 | 78 | 80 | 82 |
| (Spending authority from offsetting collections, discretionary) | | BA | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| (Outlays) | | O | 68 | 66 | 76 | 79 | 80 | 81 | 83 |
| Salaries and expenses (gross) | | BA | 65 | 66 | 79 | 79 | 80 | 82 | 84 |
| | | O | 68 | 66 | 76 | 79 | 80 | 81 | 83 |
| Total, offsetting collections | | | -1 | -1 | -2 | -2 | -2 | -2 | -2 |
| Total (Community development) (net) | | BA | 64 | 65 | 77 | 77 | 78 | 80 | 82 |
| | | O | 67 | 65 | 74 | 77 | 78 | 79 | 81 |

(Housing assistance):

| | | | | | | | | | |
|---|-----|----|------------|------------|--------------|--------------|--------------|--------------|--------------|
| (Appropriation, discretionary) | 604 | BA | 344 | 349 | 413 | 413 | 418 | 428 | 438 |
| (Spending authority from offsetting collections, discretionary) | | BA | 533 | 528 | 528 | 528 | 534 | 548 | 560 |
| (Outlays) | | O | 893 | 876 | 926 | 941 | 951 | 974 | 996 |
| Salaries and expenses (gross) | | BA | 941 | 942 | 1,018 | 1,018 | 1,030 | 1,056 | 1,080 |
| | | O | 960 | 941 | 1,000 | 1,018 | 1,029 | 1,053 | 1,077 |
| Total, offsetting collections | | | -533 | -528 | -528 | -528 | -534 | -548 | -560 |
| Total (Housing assistance) (net) | | BA | 344 | 349 | 413 | 413 | 418 | 428 | 438 |
| | | O | 360 | 348 | 398 | 413 | 417 | 426 | 436 |

(Federal law enforcement activities):

| | | | | | | | | | |
|--------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (Appropriation, discretionary) | 751 | BA | 64 | 63 | 75 | 75 | 76 | 78 | 79 |
|--------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 67 | 64 | 72 | 75 | 75 | 77 | 79 |
| Total Salaries and expenses | BA | 472 | 477 | 565 | 565 | 572 | 586 | 599 |
| | O | 494 | 477 | 544 | 565 | 570 | 582 | 596 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 50 | 51 | 52 | 52 | 53 | 54 | 55 |
| | | | △ -6 | | | | | |
| Reappropriation, discretionary | BA | | | △ 6 | △ 6 | △ 6 | △ 6 | △ 6 |
| Spending authority from offsetting collections, discretionary | BA | 33 | 32 | 32 | 32 | 32 | 33 | 34 |
| Outlays | O | 42 | 112 | 87 | 84 | 85 | 87 | 88 |
| | | | △ -5 | △ 4 | △ 6 | △ 6 | △ 6 | △ 6 |
| Office of Inspector General (gross) | BA | 83 | 77 | 90 | 90 | 91 | 93 | 95 |
| | O | 42 | 107 | 91 | 90 | 91 | 93 | 94 |
| Total, offsetting collections | | -33 | -32 | -32 | -32 | -32 | -33 | -34 |
| Total Office of Inspector General (net) | BA | 50 | 45 | 58 | 58 | 59 | 60 | 61 |
| | O | 9 | 75 | 59 | 58 | 59 | 60 | 60 |
| Office of federal housing enterprise oversight: | | | | | | | | |
| Appropriation, discretionary | 371 BA | 16 | 19 | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | 16 | 19 | 25 | 26 | 26 | 27 | 27 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 451 BA | 319 | 266 | 390 | 390 | 390 | 390 | 390 |
| Outlays | O | 296 | 285 | 390 | 390 | 390 | 390 | 390 |
| Working capital fund (gross) | BA | 319 | 266 | 390 | 390 | 390 | 390 | 390 |
| | O | 296 | 285 | 390 | 390 | 390 | 390 | 390 |
| Change in receivables and unpaid, unfilled orders | BA | -12 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -305 | -266 | -390 | -390 | -390 | -390 | -390 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | -9 | 19 | | | | | |
| Total Federal funds Management and Administration | BA | 538 | 541 | 649 | 649 | 657 | 673 | 688 |
| | O | 510 | 590 | 628 | 649 | 655 | 669 | 683 |

Summary

| | | | | | | | | |
|---|----------|--------|--------|--------|--------|--------|--------|--------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 30,587 | 23,068 | 35,145 | 33,775 | 34,169 | 34,657 | 35,291 |
| | O | 36,977 | 36,854 | 33,173 | 35,599 | 36,481 | 36,829 | 37,043 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 371 BA/O | -4,227 | -6,759 | -870 | -5,157 | -5,409 | -5,679 | -6,315 |
| Offsetting governmental receipts | 371 BA/O | -16 | -19 | -26 | -26 | -26 | -27 | -28 |
| Total Department of Housing and Urban Development | BA | 26,344 | 16,290 | 34,249 | 28,592 | 28,734 | 28,951 | 28,948 |
| | O | 32,734 | 30,076 | 32,277 | 30,416 | 31,046 | 31,123 | 30,700 |

DEPARTMENT OF THE INTERIOR
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---------|--|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |

Land and Minerals Management

Bureau of Land Management
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Management of lands and resources: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 619 | 644 | 715 | 715 | 724 | 741 | 758 |
| Spending authority from offsetting collections, discretionary | BA | 65 | 54 | 54 | 54 | 55 | 56 | 57 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 661 | 698 | 763 | 790 | 776 | 793 | 810 |
| Management of lands and resources (gross) | BA | 684 | 698 | 769 | 769 | 779 | 797 | 815 |
| | O | 661 | 698 | 763 | 790 | 776 | 793 | 810 |
| Change in receivables and unpaid, unfilled orders | BA | -6 | 11 | 2 | | | | |
| Total, offsetting collections | | -59 | -65 | -56 | -56 | -57 | -58 | -59 |
| Total Management of lands and resources (net) | BA | 619 | 644 | 715 | 713 | 722 | 739 | 756 |
| | O | 602 | 633 | 707 | 734 | 719 | 735 | 751 |
| Construction: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 11 | 11 | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | 6 | 7 | 10 | 11 | 11 | 11 | 11 |
| Payments in lieu of taxes: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 125 | 134 | 135 | 135 | 137 | 140 | 143 |
| Outlays | O | 125 | 134 | 135 | 135 | 137 | 140 | 143 |
| Oregon and California grant lands: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 97 | 99 | 104 | 104 | 105 | 108 | 110 |
| Outlays | O | 104 | 99 | 104 | 102 | 100 | 107 | 110 |
| Wildland fire management: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 337 | ^A 291 | 297 | 297 | 301 | 308 | 315 |
| Spending authority from offsetting collections, discretionary | BA | 41 | 70 | 15 | 15 | 15 | 16 | 16 |
| Outlays | O | 348 | 404 | 329 | 341 | 314 | 321 | 329 |
| Wildland fire management (gross) | BA | 378 | 461 | 312 | 312 | 316 | 324 | 331 |
| | O | 348 | 404 | 329 | 341 | 314 | 321 | 329 |
| Change in receivables and unpaid, unfilled orders | BA | -19 | 10 | 9 | | | | |
| Total, offsetting collections | | -22 | -80 | -24 | -24 | -24 | -25 | -25 |
| Total Wildland fire management (net) | BA | 337 | 391 | 297 | 288 | 292 | 299 | 306 |
| | O | 326 | 324 | 305 | 317 | 290 | 296 | 304 |
| Central hazardous materials fund: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 8 | 11 | 13 | 10 | 10 | 10 | 10 |
| Land acquisition: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 15 | 16 | 61 | 61 | 62 | 63 | 65 |
| Spending authority from offsetting collections, discretionary | BA | 300 | 24 | | | | | |
| Outlays | O | 289 | 56 | 28 | 73 | 78 | 62 | 63 |
| Land acquisition (gross) | BA | 315 | 40 | 61 | 61 | 62 | 63 | 65 |
| | O | 289 | 56 | 28 | 73 | 78 | 62 | 63 |
| Total, offsetting collections | | -300 | -24 | | | | | |
| Total Land acquisition (net) | BA | 15 | 16 | 61 | 61 | 62 | 63 | 65 |
| | O | -11 | 32 | 28 | 73 | 78 | 62 | 63 |
| Range improvements: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Outlays | O | 10 | 12 | 10 | 10 | 10 | 10 | 10 |
| Service charges, deposits, and forfeitures: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 12 | 9 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 11 | 8 | 10 | 9 | 8 | 8 | 8 |
| Permanent operating funds: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 21 | 31 | 43 | 47 | 47 | 49 | 50 |
| Outlays | O | 24 | 35 | 44 | 47 | 47 | 49 | 50 |
| | | | | ^B 2 | ^B 12 | ^B 20 | ^B 20 | ^B 20 |
| | | | | ^B 2 | ^B 11 | ^B 20 | ^B 20 | ^B 20 |
| Total Permanent operating funds | BA | 21 | 31 | 45 | 59 | 67 | 69 | 70 |
| | O | 24 | 35 | 46 | 58 | 67 | 69 | 70 |
| Miscellaneous permanent payment accounts | | | | | | | | |
| (Conservation and land management): | | | | | | | | |
| (Appropriation, mandatory) | 302 BA | 50 | 6 | 8 | 8 | 8 | 8 | 8 |
| (Outlays) | O | 50 | 6 | 8 | 8 | 8 | 8 | 8 |
| (General purpose fiscal assistance): | | | | | | | | |
| (Appropriation, mandatory) | 806 BA | 69 | 67 | 65 | 62 | 59 | 57 | 56 |
| | | | | ^B 11 | ^B 14 | ^B 17 | ^B 19 | ^B 20 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|---------|-----------------------|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 68 | 67 | 65 <i>B 11</i> | 62 <i>B 14</i> | 59 <i>B 17</i> | 57 <i>B 19</i> | 56 <i>B 20</i> |
| Total (General purpose fiscal assistance) | BA O | 69 68 | 67 67 | 76 76 | 76 76 | 76 76 | 76 76 | 76 76 |
| Total Miscellaneous permanent payment accounts | BA O | 119 118 | 73 73 | 84 84 | 84 84 | 84 84 | 84 84 | 84 84 |
| Public Enterprise Funds: | | | | | | | | |
| Helium fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 306 BA | 18 | 15 | 15 | 15 | 15 | 15 | 15 |
| Outlays | O | 6 | 4 | 7 | | | | |
| Helium fund (gross) | BA O | 18 6 | 15 4 | 15 7 | 15 | 15 | 15 | 15 |
| Change in receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -16 | -15 | -15 | -15 | -15 | -15 | -15 |
| Total Helium fund (net) | BA O | -10 -10 | -11 -11 | -8 -8 | -15 -15 | -15 -15 | -15 -15 | -15 -15 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 302 BA | 23 | 24 | 24 | 24 | 24 | 25 | 25 |
| Outlays | O | 20 | 24 | 27 | 24 | 24 | 25 | 25 |
| Working capital fund (gross) | BA O | 23 20 | 24 24 | 24 27 | 24 24 | 24 24 | 25 25 | 25 25 |
| Total, offsetting collections | | -23 | -24 | -24 | -24 | -24 | -25 | -25 |
| Total Working capital fund (net) | BA O | -3 -3 | 3 3 | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Miscellaneous trust funds: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 13 | 9 | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | 12 | 13 | 10 | 9 | 9 | 9 | 10 |
| Total Federal funds Bureau of Land Management | BA O | 1,376 1,310 | 1,428 1,357 | 1,480 1,447 | 1,483 1,528 | 1,508 1,499 | 1,541 1,517 | 1,575 1,549 |
| Total Trust funds Bureau of Land Management | BA O | 13 12 | 9 13 | 9 10 | 9 9 | 9 9 | 9 9 | 10 10 |
| Minerals Management Service <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Royalty and Offshore minerals: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 118 | 110 | 134 <i>J -10</i> | 134 <i>J -10</i> | 136 <i>J -10</i> | 139 <i>J -10</i> | 142 <i>J -11</i> |
| Spending authority from offsetting collections, discretionary | BA | 100 | 124 | 107 <i>J 10</i> | 107 <i>J 10</i> | 108 <i>J 10</i> | 111 <i>J 10</i> | 113 <i>J 11</i> |
| Outlays | O | 214 | 233 | 238 | 231 | 239 | 249 | 254 |
| Royalty and Offshore minerals (gross) | BA O | 218 214 | 234 233 | 241 238 | 241 231 | 244 239 | 250 249 | 255 254 |
| Total, offsetting collections | | -100 | -124 | -107 <i>J -10</i> | -107 <i>J -10</i> | -108 <i>J -10</i> | -111 <i>J -10</i> | -113 <i>J -11</i> |
| Total Royalty and Offshore minerals (net) | BA O | 118 114 | 110 109 | 124 121 | 124 114 | 126 121 | 129 128 | 131 130 |
| Mineral leasing and associated payments (General purpose fiscal assistance): (Appropriation, mandatory) | 806 BA | 478 | 678 | 583 | 599 | 590 | 598 | 621 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 478 | 678 | 583 | 599 | 590 | 598 | 621 |
| Total Mineral leasing and associated payments | BA O | 478 478 | 678 678 | 583 583 | 599 599 | 590 590 | 598 598 | 621 621 |
| National forests fund, payment to States: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 3 | 5 | 3 | 3 | 3 | 4 | 4 |
| Outlays | O | 3 | 5 | 3 | 3 | 3 | 4 | 4 |
| Leases of lands acquired for flood control, navigation, and allied purposes: | | | | | | | | |
| Appropriation, mandatory | 302 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Trust funds</i> | | | | | | | | |
| Oil spill research: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 6 | 6 | 6 | 6 | 6 | 6 | 7 |
| Total Federal funds Minerals Management Service | BA O | 600 596 | 794 793 | 711 708 | 727 717 | 720 715 | 732 731 | 757 756 |
| Total Trust funds Minerals Management Service | BA O | 6 6 | 6 6 | 6 6 | 6 6 | 6 6 | 6 6 | 6 7 |

Office of Surface Mining Reclamation and Enforcement
Federal funds

General and Special Funds:

| | | | | | | | | |
|--|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Regulation and technology: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 93 | 96 | 98 | 98 | 99 | 102 | 104 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 91 | 95 | 100 | 100 | 101 | 103 | 105 |
| Regulation and technology (gross) | BA O | 95 91 | 98 95 | 100 100 | 100 100 | 101 101 | 104 103 | 106 105 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Regulation and technology (net) | BA O | 93 89 | 96 93 | 98 98 | 98 98 | 99 99 | 102 101 | 104 103 |
| Abandoned mine reclamation fund (Conservation and land management): | | | | | | | | |
| (Appropriation, discretionary) | 302 BA | 185 | 196 | 211 | 211 | 214 | 219 | 224 |
| (Spending authority from offsetting collections, discretionary) | BA | 1 | | | | | | |
| (Outlays) | O | 186 | 184 | 217 | 188 | 178 | 212 | 217 |
| Abandoned mine reclamation fund (gross) | BA O | 186 186 | 196 184 | 211 217 | 211 188 | 214 178 | 219 212 | 224 217 |
| Total, offsetting collections | | -1 | | | | | | |
| Total (Conservation and land management) (net) | BA O | 185 185 | 196 184 | 211 217 | 211 188 | 214 178 | 219 212 | 224 217 |
| (Health care services): | | | | | | | | |
| (Appropriation, discretionary) | 551 BA | 82 | 68 | 67 | 56 | 52 | 49 | 46 |
| (Appropriation, mandatory) | BA | | | | | | | |
| (Outlays) | O | 81 | 109 | 67 | 56 | 52 | 49 | 46 |
| Total (Health care services) | BA O | 82 81 | 109 109 | 67 67 | 56 56 | 52 52 | 49 49 | 46 46 |
| Total Abandoned mine reclamation fund | BA O | 267 266 | 305 293 | 278 284 | 267 244 | 266 230 | 268 261 | 270 263 |
| Total Federal funds Office of Surface Mining Reclamation and Enforcement | BA O | 360 355 | 401 386 | 376 382 | 365 342 | 365 329 | 370 362 | 374 366 |
| Total Federal funds Land and Minerals Management | BA O | 2,336 2,261 | 2,623 2,536 | 2,567 2,537 | 2,575 2,587 | 2,593 2,543 | 2,643 2,610 | 2,706 2,671 |
| Total Trust funds Land and Minerals Management | BA O | 19 18 | 15 19 | 15 16 | 15 15 | 15 15 | 15 15 | 16 17 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Water and Science | | | | | | | | | |
| <i>Bureau of Reclamation</i> | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| General and Special Funds: | | | | | | | | | |
| Water and Related Resources: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 600 | 584 | 607 | 607 | 614 | 630 | 643 | |
| Spending authority from offsetting collections, discretionary | BA | 138 | 157 | 159 | 159 | 161 | 165 | 169 | |
| Outlays | O | 736 | 836 | 756 | 766 | 773 | 787 | 805 | |
| Water and Related Resources (gross) | | BA | 738 | 741 | 766 | 766 | 775 | 795 | 812 |
| | | O | 736 | 836 | 756 | 766 | 773 | 787 | 805 |
| Change in receivables and unpaid, unfilled orders | | BA | -3 | 3 | | | | | |
| Total, offsetting collections | | | -135 | -160 | -159 | -159 | -160 | -165 | -168 |
| Total Water and Related Resources (net) | | BA | 600 | 584 | 607 | 607 | 615 | 630 | 644 |
| | | O | 601 | 676 | 597 | 607 | 613 | 622 | 637 |
| California Bay-Delta restoration: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 75 | 60 | 60 | 60 | 61 | 62 | 64 | |
| Outlays | O | 23 | 154 | 60 | 60 | 60 | 61 | 62 | |
| Policy and Administration: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 47 | 47 | 50 | 50 | 51 | 52 | 53 | |
| Outlays | O | 49 | 49 | 50 | 50 | 51 | 52 | 53 | |
| Central Valley Project Restoration fund: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 33 | 42 | 38 | 38 | 38 | 39 | 40 | |
| Outlays | O | 38 | 65 | 38 | 38 | 39 | 40 | 40 | |
| Colorado River dam fund, Boulder Canyon project: | | | | | | | | | |
| Appropriation, mandatory | 301 BA | 65 | 61 | 66 | 66 | 63 | 63 | 57 | |
| Outlays | O | 58 | 45 | 62 | 64 | 63 | 62 | 58 | |
| Dutch John community assistance: | | | | | | | | | |
| Appropriation, mandatory | 806 BA | | 1 | | | | | | |
| Outlays | O | | 1 | | | | | | |
| Public Enterprise Funds: | | | | | | | | | |
| Lower Colorado River Basin development fund: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 43 | 22 | 34 | 34 | 34 | 35 | 36 | |
| Spending authority from offsetting collections, mandatory | BA | 163 | 127 | 127 | 127 | 125 | 125 | 125 | |
| Outlays | O | 201 | 135 | 153 | 158 | 158 | 157 | 158 | |
| Lower Colorado River Basin development fund (gross) | | BA | 206 | 149 | 161 | 161 | 159 | 160 | 161 |
| | | O | 201 | 135 | 153 | 158 | 158 | 157 | 158 |
| Total, offsetting collections | | | -163 | -144 | -148 | -148 | -146 | -146 | -146 |
| Total Lower Colorado River Basin development fund (net) | | BA | 43 | 5 | 13 | 13 | 13 | 14 | 15 |
| | | O | 38 | -9 | 5 | 10 | 12 | 11 | 12 |
| Upper Colorado River Basin fund: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | 1 | 1 | 2 | 2 | 2 | 2 | 2 | |
| Spending authority from offsetting collections, mandatory | BA | 180 | 56 | 59 | 128 | 59 | 59 | 58 | |
| Outlays | O | 81 | 162 | 56 | 31 | 86 | 58 | 58 | |
| Upper Colorado River Basin fund (gross) | | BA | 181 | 57 | 61 | 130 | 61 | 61 | 60 |
| | | O | 81 | 162 | 56 | 31 | 86 | 58 | 58 |
| Total, offsetting collections | | | -180 | -56 | -59 | -128 | -59 | -59 | -58 |
| Total Upper Colorado River Basin fund (net) | | BA | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| | | O | -99 | 106 | -3 | -97 | 27 | -1 | |
| Intragovernmental Funds: | | | | | | | | | |
| Working capital fund: | | | | | | | | | |
| Appropriation, discretionary | 301 BA | -26 | | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 180 | 272 | 285 | 285 | 288 | 296 | 302 | |
| Outlays | O | 179 | 255 | 285 | 285 | 288 | 294 | 301 | |
| Working capital fund (gross) | | BA | 154 | 272 | 285 | 285 | 288 | 296 | 302 |
| | | O | 179 | 255 | 285 | 285 | 288 | 294 | 301 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -180 | -272 | -285 | -285 | -288 | -296 | -302 |
| Total Working capital fund (net) | BA | -26 | | | | | | |
| | O | -1 | -17 | | | | -2 | -1 |
| Credit Accounts: | | | | | | | | |
| Bureau of reclamation loan program account: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 8 | 11 | 9 | 9 | 9 | 9 | 10 |
| Appropriation, mandatory | BA | 3 | 1 | | | | | |
| Outlays | O | 9 | 14 | 10 | 9 | 9 | 9 | 10 |
| Limitations on direct loan activity | | (38) | (43) | (27) | (27) | (27) | (28) | (29) |
| Total Bureau of reclamation loan program account | BA | 11 | 12 | 9 | 9 | 9 | 9 | 10 |
| | O | 9 | 14 | 10 | 9 | 9 | 9 | 10 |
| Bureau of reclamation loan liquidating account: | | | | | | | | |
| Total, offsetting collections | 301 | | -3 | -4 | -4 | -4 | -4 | -3 |
| <i>Trust funds</i> | | | | | | | | |
| Reclamation trust funds: | | | | | | | | |
| Appropriation, mandatory | 301 BA | 23 | 14 | 5 | 1 | | | |
| Outlays | O | 13 | 53 | 7 | 2 | | | |
| Total Federal funds Bureau of Reclamation | BA | 849 | 810 | 841 | 841 | 848 | 867 | 882 |
| | O | 716 | 1,081 | 815 | 737 | 870 | 850 | 868 |
| Total Trust funds Bureau of Reclamation | BA | 23 | 14 | 5 | 1 | | | |
| | O | 13 | 53 | 7 | 2 | | | |

Central Utah Project
Federal funds

| | | | | | | | | |
|--|--------|----|----|----|----|----|----|----|
| General and Special Funds: | | | | | | | | |
| Central Utah Project Completion Account: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 32 | 29 | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | 31 | 33 | 26 | 26 | 26 | 27 | 27 |
| Utah reclamation mitigation and conservation account: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 12 | 14 | 15 | 15 | 15 | 16 | 16 |
| Appropriation, mandatory | BA | 2 | | | | | | |
| Outlays | O | 20 | 29 | 15 | 16 | 16 | 16 | 16 |
| Total Utah reclamation mitigation and conservation account | BA | 14 | 14 | 15 | 15 | 15 | 16 | 16 |
| | O | 20 | 29 | 15 | 16 | 16 | 16 | 16 |
| Total Federal funds Central Utah Project | BA | 46 | 43 | 41 | 41 | 41 | 43 | 44 |
| | O | 51 | 62 | 41 | 42 | 42 | 43 | 43 |

United States Geological Survey
Federal funds

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| General and Special Funds: | | | | | | | | |
| Surveys, investigations and research (Recreational resources): | | | | | | | | |
| (Appropriation, discretionary) | 303 BA | 162 | 137 | 159 | 159 | 161 | 164 | 169 |
| (Spending authority from offsetting collections, discretionary) | BA | 42 | 46 | 46 | 46 | 47 | 48 | 49 |
| (Outlays) | O | 191 | 166 | 199 | 203 | 206 | 210 | 215 |
| Surveys, investigations and research (gross) | BA | 204 | 183 | 205 | 205 | 208 | 212 | 218 |
| | O | 191 | 166 | 199 | 203 | 206 | 210 | 215 |
| (Change in receivables and unpaid, unfilled orders) | BA | 13 | -1 | -1 | -1 | | | |
| Total, offsetting collections | | -55 | -45 | -45 | -45 | -46 | -47 | -48 |
| Total (Recreational resources) (net) | BA | 162 | 137 | 159 | 159 | 162 | 165 | 170 |
| | O | 136 | 121 | 154 | 158 | 160 | 163 | 167 |
| (Other natural resources): | | | | | | | | |
| (Appropriation, discretionary) | 306 BA | 635 | 676 | 736 | 736 | 744 | 763 | 780 |
| (Spending authority from offsetting collections, discretionary) | BA | 317 | 308 | 301 | 301 | 305 | 312 | 319 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|-----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| (Outlays) | O | 975 | 976 A2 | 998 | 1,033 | 1,048 | 1,069 | 1,094 |
| Surveys, investigations and research (gross) | BA | 1,114 | 1,123 | 1,196 | 1,196 | 1,211 | 1,240 | 1,269 |
| | O | 1,111 | 1,099 | 1,152 | 1,191 | 1,208 | 1,232 | 1,261 |
| (Change in receivables and unpaid, unfilled orders) | BA | -1 | -6 | -6 | -6 | | | |
| Total, offsetting collections | | -316 | -302 | -295 | -295 | -298 | -306 | -313 |
| Total (Other natural resources) (net) | BA | 635 | 678 | 736 | 736 | 751 | 769 | 786 |
| | O | 659 | 676 | 703 | 738 | 750 | 763 | 781 |
| Total Surveys, investigations and research | BA | 797 | 815 | 895 | 895 | 913 | 934 | 956 |
| | O | 795 | 797 | 857 | 896 | 910 | 926 | 948 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 306 BA | 54 | 31 | 36 | 35 | 35 | 35 | 35 |
| Outlays | O | 60 | 42 | 37 | 36 | 35 | 35 | 37 |
| Working capital fund (gross) | BA | 54 | 31 | 36 | 35 | 35 | 35 | 35 |
| | O | 60 | 42 | 37 | 36 | 35 | 35 | 37 |
| Change in receivables and unpaid, unfilled orders | BA | 2 | | | | | | |
| Total, offsetting collections | | -56 | -31 | -36 | -35 | -35 | -35 | -35 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | 4 | 11 | 1 | 1 | | | 2 |
| <i>Trust funds</i> | | | | | | | | |
| Contributed funds: | | | | | | | | |
| Appropriation, mandatory | 303 BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds United States Geological Survey | BA | 797 | 815 | 895 | 895 | 913 | 934 | 956 |
| | O | 799 | 808 | 858 | 897 | 910 | 926 | 950 |
| Total Trust funds United States Geological Survey | BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 2 | 1 | 1 | 1 | 1 | 1 | 1 |

Bureau of Mines
Federal funds

| General and Special Funds: | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Mines and minerals: | | | | | | | | |
| Outlays | 306 O | 2 | 2 | | | | | |
| Total Federal funds Water and Science | BA | 1,692 | 1,668 | 1,777 | 1,777 | 1,802 | 1,844 | 1,882 |
| | O | 1,568 | 1,953 | 1,714 | 1,676 | 1,822 | 1,819 | 1,861 |
| Total Trust funds Water and Science | BA | 23 | 15 | 6 | 2 | 1 | 1 | 1 |
| | O | 15 | 54 | 8 | 3 | 1 | 1 | 1 |

Fish and Wildlife and Parks

United States Fish and Wildlife Service
Federal funds

| General and Special Funds: | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Resource management: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 660 | 715 | 762 | 762 | 771 | 790 | 808 |
| Spending authority from offsetting collections, discretionary | BA | 103 | 108 | 108 | 108 | 109 | 112 | 114 |
| Outlays | O | 710 | 812 | 861 | 870 | 878 | 898 | 918 |
| Resource management (gross) | BA | 763 | 823 | 870 | 870 | 880 | 902 | 922 |
| | O | 710 | 812 | 861 | 870 | 878 | 898 | 918 |
| Change in receivables and unpaid, unfilled orders | BA | 15 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -11 | | | | | | |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------------|----------------|----------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -107 | -108 | -108 | -108 | -109 | -112 | -114 |
| Total Resource management (net) | BA | 660 | 715 | 762 | 762 | 771 | 790 | 808 |
| | O | 603 | 704 | 753 | 762 | 769 | 786 | 804 |
| Construction: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 88 | 54 | 44 | 44 | 45 | 46 | 47 |
| | | | ^A 5 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 37 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 117 | 95 | 63 | 49 | 46 | 46 | 47 |
| | | | ^A 1 | ^A 3 | ^A 1 | | | |
| Construction (gross) | BA | 125 | 61 | 46 | 46 | 47 | 48 | 49 |
| | O | 117 | 96 | 66 | 50 | 46 | 46 | 47 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -38 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Construction (net) | BA | 88 | 59 | 44 | 44 | 45 | 46 | 47 |
| | O | 79 | 94 | 64 | 48 | 44 | 44 | 45 |
| Multinational species conservation fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 1 | 2 | 3 | 3 | 3 | 3 | 3 |
| Commercial salmon fishery capacity reduction: | | | | | | | | |
| Appropriation, discretionary | 302 BA | | 5 | | | | | |
| Outlays | O | | 5 | | | | | |
| Non-game wildlife state grants: | | | | | | | | |
| Appropriation, discretionary | 302 BA | | | 100 | 100 | 101 | 104 | 106 |
| Outlays | O | | | 25 | 75 | 100 | 102 | 103 |
| Land acquisition: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 48 | 52 | 112 | 112 | 113 | 116 | 119 |
| Spending authority from offsetting collections, discretionary | BA | 73 | 2 | | | | | |
| Outlays | O | 104 | 84 | 86 | 106 | 113 | 114 | 117 |
| Land acquisition (gross) | BA | 121 | 54 | 112 | 112 | 113 | 116 | 119 |
| | O | 104 | 84 | 86 | 106 | 113 | 114 | 117 |
| Change in receivables and unpaid, unfilled orders | BA | 12 | | | | | | |
| Total, offsetting collections | | -85 | -2 | | | | | |
| Total Land acquisition (net) | BA | 48 | 52 | 112 | 112 | 113 | 116 | 119 |
| | O | 19 | 82 | 86 | 106 | 113 | 114 | 117 |
| Wildlife conservation and appreciation fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Migratory bird conservation account: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 65 | 42 | 42 | 42 | 42 | 42 | 42 |
| Outlays | O | 55 | 49 | 42 | 42 | 42 | 42 | 42 |
| North American wetlands conservation fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 15 | 15 | 30 | 30 | 30 | 31 | 32 |
| Appropriation, mandatory | BA | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 14 | 18 | 27 | 31 | 31 | 32 | 32 |
| Total North American wetlands conservation fund | BA | 19 | 16 | 31 | 31 | 31 | 32 | 33 |
| | O | 14 | 18 | 27 | 31 | 31 | 32 | 32 |
| Cooperative endangered species conservation fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 14 | 23 | 65 | 65 | 66 | 67 | 69 |
| Appropriation, mandatory | BA | 29 | 32 | 30 | 33 | 34 | 35 | 36 |
| Outlays | O | 38 | 47 | 53 | 80 | 100 | 101 | 103 |
| Total Cooperative endangered species conservation fund | BA | 43 | 55 | 95 | 98 | 100 | 102 | 105 |
| | O | 38 | 47 | 53 | 80 | 100 | 101 | 103 |
| National wildlife refuge fund: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 11 | 11 | 10 | 10 | 10 | 10 | 11 |
| Appropriation, mandatory | BA | 8 | 9 | 9 | 9 | 9 | 10 | 10 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|------------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 19 | 20 | 19 | 19 | 19 | 19 | 21 |
| Total National wildlife refuge fund | BA | 19 | 20 | 19 | 19 | 19 | 19 | 21 |
| | O | 19 | 20 | 19 | 19 | 19 | 19 | 21 |
| Recreational fee demonstration program: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 3 | 4 | 4 | | | | |
| Outlays | O | 2 | 4 | 4 | ^{B 4} 1 | ^{B 4} | ^{B 4} | ^{B 4} |
| | | | | | ^{B 3} | ^{B 4} | ^{B 4} | ^{B 4} |
| Total Recreational fee demonstration program | BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| | O | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| Federal aid in wildlife restoration: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 199 | 228 | 237 | 248 | 260 | 272 | 286 |
| Outlays | O | 213 | 202 | 208 | 224 | 240 | 251 | 263 |
| Miscellaneous permanent appropriations: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Outlays | O | 4 | 2 | 2 | 2 | 3 | 3 | 3 |
| <i>Trust funds</i> | | | | | | | | |
| Sport fish restoration: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 279 | 306 | 292 | 305 | 339 | 344 | 358 |
| Outlays | O | 257 | 292 | 293 | 294 | 312 | 327 | 341 |
| Contributed funds: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 6 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total Federal funds United States Fish and Wildlife Service | BA | 1,149 | 1,201 | 1,452 | 1,467 | 1,493 | 1,535 | 1,578 |
| | O | 1,048 | 1,230 | 1,287 | 1,397 | 1,469 | 1,502 | 1,541 |
| Total Trust funds United States Fish and Wildlife Service | BA | 285 | 310 | 296 | 309 | 343 | 348 | 362 |
| | O | 261 | 296 | 297 | 298 | 316 | 331 | 345 |

National Park Service
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|--------------|----------------|----------------|----------------|----------------|--------------|--------------|
| Operation of the national park system: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 1,286 | 1,364 | 1,454 | 1,454 | 1,471 | 1,508 | 1,541 |
| Spending authority from offsetting collections, discretionary | BA | 35 | 14 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 1,290 | 1,356 | 1,446 | 1,469 | 1,482 | 1,514 | 1,548 |
| Operation of the national park system (gross) | BA | 1,321 | 1,378 | 1,468 | 1,468 | 1,485 | 1,523 | 1,556 |
| | O | 1,290 | 1,356 | 1,446 | 1,469 | 1,482 | 1,514 | 1,548 |
| Change in receivables and unpaid, unfilled orders | BA | -12 | 12 | | | | | |
| Total, offsetting collections | | -23 | -26 | -14 | -14 | -14 | -15 | -15 |
| Total Operation of the national park system (net) | BA | 1,286 | 1,364 | 1,454 | 1,454 | 1,471 | 1,508 | 1,541 |
| | O | 1,267 | 1,330 | 1,432 | 1,455 | 1,468 | 1,499 | 1,533 |
| National recreation and preservation: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 46 | 53 | 69 | 69 | 70 | 72 | 73 |
| Outlays | O | 45 | 45 | 59 | 55 | 65 | 70 | 72 |
| Construction and major maintenance: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 239 | 226 | 180 | 159 | 165 | 176 | 191 |
| | | | ^{A 4} | | | | | |
| Advance appropriation, discretionary | BA | | | | 21 | 17 | 11 | |
| Spending authority from offsetting collections, discretionary | BA | 252 | 95 | 80 | 80 | 81 | 83 | 85 |
| Outlays | O | 342 | 302 | 247 | 242 | 255 | 269 | 270 |
| | | | ^{A 1} | ^{A 1} | ^{A 1} | ^{A 1} | | |
| Construction and major maintenance (gross) | BA | 491 | 325 | 260 | 260 | 263 | 270 | 276 |
| | O | 342 | 303 | 248 | 243 | 256 | 269 | 270 |
| Change in receivables and unpaid, unfilled orders | BA | | -13 | 5 | 5 | 3 | | |
| Total, offsetting collections | | -252 | -82 | -85 | -85 | -86 | -88 | -90 |
| Total Construction and major maintenance (net) | BA | 239 | 230 | 180 | 180 | 180 | 182 | 186 |
| | O | 90 | 221 | 163 | 158 | 170 | 181 | 180 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|----------------|------------------|------------------|------------------|------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Land acquisition and State assistance: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 148 | 121 | 297 | 297 | 301 | 308 | 315 |
| Contract authority, discretionary | BA | -30 | -30 | -30 | -30 | -30 | -31 | -32 |
| Contract authority, mandatory | BA | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Spending authority from offsetting collections, discretionary | BA | | 55 | | | | | |
| Outlays | O | 69 | 164 | 222 | 199 | 250 | 284 | 306 |
| <hr/> | | | | | | | | |
| Land acquisition and State assistance (gross) | BA | 148 | 176 | 297 | 297 | 301 | 307 | 313 |
| | O | 69 | 164 | 222 | 199 | 250 | 284 | 306 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | | -33 | 14 | 11 | 8 | | |
| Total, offsetting collections | | | -22 | -14 | -14 | -14 | -15 | -15 |
| <hr/> | | | | | | | | |
| Total Land acquisition and State assistance (net) | BA | 148 | 121 | 297 | 294 | 295 | 292 | 298 |
| | O | 69 | 142 | 208 | 185 | 236 | 269 | 291 |
| <hr/> | | | | | | | | |
| Recreation fee permanent appropriations: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 145 | 157 | 165 | 30 | 30 | 30 | 30 |
| | | | | | ^B 144 | ^B 145 | ^B 146 | ^B 147 |
| Outlays | O | 68 | 132 | 161 | 155 | 111 | 67 | 30 |
| | | | | | ^B 23 | ^B 68 | ^B 112 | ^B 148 |
| <hr/> | | | | | | | | |
| Total Recreation fee permanent appropriations | BA | 145 | 157 | 165 | 174 | 175 | 176 | 177 |
| | O | 68 | 132 | 161 | 178 | 179 | 179 | 178 |
| <hr/> | | | | | | | | |
| Historic preservation fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 72 | 75 | 72 | 72 | 73 | 75 | 77 |
| Outlays | O | 37 | 73 | 80 | 72 | 73 | 73 | 75 |
| <hr/> | | | | | | | | |
| Other permanent appropriations: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 50 | 51 | 55 | 58 | 60 | 63 | 68 |
| | | | | ^B 3 | ^B 3 | ^B 4 | ^B 4 | ^B 5 |
| Outlays | O | 30 | 52 | 55 | 55 | 55 | 58 | 62 |
| | | | | ^B 3 | ^B 3 | ^B 4 | ^B 4 | ^B 5 |
| <hr/> | | | | | | | | |
| Total Other permanent appropriations | BA | 50 | 51 | 58 | 61 | 64 | 67 | 73 |
| | O | 30 | 52 | 58 | 58 | 59 | 62 | 67 |
| <hr/> | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Construction (trust fund): | | | | | | | | |
| Outlays | 401 O | 1 | 4 | 5 | | | | |
| <hr/> | | | | | | | | |
| Miscellaneous trust funds: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Outlays | O | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| <hr/> | | | | | | | | |
| Total Federal funds National Park Service | BA | 1,986 | 2,051 | 2,295 | 2,304 | 2,328 | 2,372 | 2,425 |
| | O | 1,606 | 1,995 | 2,161 | 2,161 | 2,250 | 2,333 | 2,396 |
| <hr/> | | | | | | | | |
| Total Trust funds National Park Service | BA | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| | O | 16 | 19 | 20 | 15 | 15 | 15 | 15 |
| <hr/> | | | | | | | | |
| Total Federal funds Fish and Wildlife and Parks | BA | 3,135 | 3,252 | 3,747 | 3,771 | 3,821 | 3,907 | 4,003 |
| | O | 2,654 | 3,225 | 3,448 | 3,558 | 3,719 | 3,835 | 3,937 |
| <hr/> | | | | | | | | |
| Total Trust funds Fish and Wildlife and Parks | BA | 300 | 325 | 311 | 324 | 358 | 363 | 377 |
| | O | 277 | 315 | 317 | 313 | 331 | 346 | 360 |

Indian Affairs

Bureau of Indian Affairs

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Operation of Indian programs | | | | | | | | |
| (Conservation and land management): | | | | | | | | |
| (Appropriation, discretionary) | 302 BA | 127 | 134 | 132 | 132 | 134 | 137 | 140 |
| (Spending authority from offsetting collections, discretionary) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| (Outlays) | O | 180 | 127 | 129 | 133 | 134 | 137 | 140 |
| <hr/> | | | | | | | | |
| Operation of Indian programs (gross) | BA | 128 | 135 | 133 | 133 | 135 | 138 | 141 |
| | O | 180 | 127 | 129 | 133 | 134 | 137 | 140 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total (Conservation and land management) (net) | BA | 127 | 134 | 132 | 132 | 134 | 137 | 140 |
| | O | 179 | 126 | 128 | 132 | 133 | 136 | 139 |
| (Area and regional development): | | | | | | | | |
| (Appropriation, discretionary) | 452 BA | 880 | 935 | 1,048 | 1,048 | 1,061 | 1,087 | 1,110 |
| (Spending authority from offsetting collections, discretionary) | BA | 6 | 6 | 5 | 5 | 5 | 5 | 5 |
| (Outlays) | O | 859 | 876 | 985 | 1,050 | 1,061 | 1,082 | 1,106 |
| Operation of Indian programs (gross) | BA | 1,013 | 1,075 | 1,185 | 1,185 | 1,200 | 1,229 | 1,255 |
| | O | 1,038 | 1,002 | 1,113 | 1,182 | 1,194 | 1,218 | 1,245 |
| (Change in receivables and unpaid, unfilled orders) | BA | -35 | | | | | | |
| Total, offsetting collections | | -6 | -6 | -5 | -5 | -5 | -5 | -5 |
| Total (Area and regional development) (net) | BA | 845 | 935 | 1,048 | 1,048 | 1,061 | 1,087 | 1,110 |
| | O | 853 | 870 | 980 | 1,045 | 1,056 | 1,077 | 1,101 |
| (Elementary, secondary, and vocational education): | | | | | | | | |
| (Appropriation, discretionary) | 501 BA | 577 | 570 | 615 | 615 | 622 | 638 | 652 |
| (Spending authority from offsetting collections, discretionary) | BA | 153 | 153 | 134 | 134 | 136 | 139 | 142 |
| (Outlays) | O | 673 | 697 | 716 | 748 | 755 | 771 | 788 |
| Operation of Indian programs (gross) | BA | 1,702 | 1,792 | 1,929 | 1,929 | 1,953 | 2,001 | 2,044 |
| | O | 1,705 | 1,693 | 1,824 | 1,925 | 1,944 | 1,984 | 2,028 |
| Total, offsetting collections | | -118 | -153 | -134 | -134 | -136 | -139 | -142 |
| Total (Elementary, secondary, and vocational education) (net) | BA | 612 | 570 | 615 | 615 | 622 | 638 | 652 |
| | O | 555 | 544 | 582 | 614 | 619 | 632 | 646 |
| Total Operation of Indian programs | BA | 1,584 | 1,639 | 1,795 | 1,795 | 1,817 | 1,862 | 1,902 |
| | O | 1,587 | 1,540 | 1,690 | 1,791 | 1,808 | 1,845 | 1,886 |
| Construction: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 123 | 197 | 366 | 366 | 370 | 380 | 388 |
| Spending authority from offsetting collections, discretionary | BA | 18 | 9 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 177 | 146 | 209 | 251 | 338 | 378 | 384 |
| Construction (gross) | BA | 141 | 206 | 374 | 374 | 378 | 388 | 396 |
| | O | 177 | 146 | 209 | 251 | 338 | 378 | 384 |
| Total, offsetting collections | | -18 | -9 | -8 | -8 | -8 | -8 | -8 |
| Total Construction (net) | BA | 123 | 197 | 366 | 366 | 370 | 380 | 388 |
| | O | 159 | 137 | 201 | 243 | 330 | 370 | 376 |
| White Earth settlement fund: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Indian land and water claim settlements and miscellaneous payments to Indians: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 29 | 27 | 34 | 34 | 34 | 35 | 36 |
| Outlays | O | 29 | 27 | 34 | 34 | 34 | 35 | 36 |
| Operation and maintenance of quarters: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 4 | 6 | 6 | 6 | 6 | 6 | 6 |
| Miscellaneous permanent appropriations: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 73 | 79 | 80 | 81 | 82 | 84 | 85 |
| Outlays | O | 72 | 74 | 79 | 80 | 81 | 83 | 84 |
| Credit Accounts: | | | | | | | | |
| Indian direct loan program account: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 1 | 6 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 6 | 1 | 1 | 1 | 1 | 1 |
| Revolving fund for loans liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 452 BA | 6 | 3 | 3 | 3 | 3 | 3 | 3 |
| Revolving fund for loans liquidating account (gross) | BA | 6 | 3 | 3 | 3 | 3 | 3 | 3 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -6 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Revolving fund for loans liquidating account (net) | BA O | -6 | -3 | -3 | -3 | -3 | -3 | -3 |
| Indian guaranteed loan program account: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 4 | 5 | 7 | 6 | 6 | 6 | 6 |
| Limitation on loan guarantee commitments | | (60) | (60) | (82) | (82) | (83) | (85) | (87) |
| Indian loan guaranty and insurance fund liquidating account: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, mandatory | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Indian loan guaranty and insurance fund liquidating account (gross) | BA O | 3 2 | 3 3 | 3 3 | 3 3 | 3 3 | 3 3 | 3 3 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Indian loan guaranty and insurance fund liquidating account (net) | BA O | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 |
| Total Federal funds Bureau of Indian Affairs | BA O | 1,823 1,852 | 1,962 1,795 | 2,291 2,018 | 2,292 2,161 | 2,319 2,266 | 2,377 2,346 | 2,427 2,395 |

Departmental Offices

Departmental Management

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 93 | 63 | 64 | 64 | 65 | 66 | 68 |
| Spending authority from offsetting collections, discretionary | BA | 70 | 57 | 55 | 55 | 56 | 57 | 58 |
| Outlays | O | 150 | 118 | 119 | 123 | 123 | 123 | 126 |
| Salaries and expenses (gross) | BA O | 163 150 | 120 118 | 119 119 | 119 123 | 121 123 | 123 123 | 126 126 |
| Change in receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Total, offsetting collections | | -66 | -57 | -55 | -55 | -56 | -57 | -58 |
| Total Salaries and expenses (net) | BA O | 93 84 | 63 61 | 64 64 | 64 68 | 65 67 | 66 66 | 68 68 |
| King Cove road and airstrip: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 35 | | | | | | |
| Outlays | O | 35 | | | | | | |
| Management of Federal lands for subsistence uses: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 8 | | | | | | |
| Outlays | O | | 7 | 1 | | | | |
| Everglades watershed protection: | | | | | | | | |
| Outlays | 303 O | 119 | 42 | | | | | |
| Everglades restoration account: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | 4 | 1 | 1 | 1 | 1 | 1 |
| Priority Federal land acquisitions and exchanges: | | | | | | | | |
| Appropriation, discretionary | 303 BA | | 116 | | | | | |
| Outlays | O | 532 | 51 | 24 | 22 | 19 | | |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 124 | 3 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 206 | 211 | 220 | 220 | 220 | 220 | 220 |
| Outlays | O | 210 | 328 | 220 | 220 | 220 | 220 | 220 |
| Working capital fund (gross) | BA O | 330 210 | 214 328 | 220 220 | 220 220 | 220 220 | 220 220 | 220 220 |
| Change in receivables and unpaid, unfilled orders | BA | -20 | | | | | | |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -186 | -211 | -220 | -220 | -220 | -220 | -220 |
| Total Working capital fund (net) | BA | 124 | 3 | | | | | |
| | O | 24 | 117 | | | | | |
| Interior Franchise Fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 306 BA | 73 | 90 | 150 | 150 | 150 | 150 | 150 |
| Outlays | O | 39 | 75 | 105 | 144 | 150 | 150 | 150 |
| Interior Franchise Fund (gross) | BA | 73 | 90 | 150 | 150 | 150 | 150 | 150 |
| | O | 39 | 75 | 105 | 144 | 150 | 150 | 150 |
| Change in receivables and unpaid, unfilled orders | BA | -22 | | | | | | |
| Total, offsetting collections | | -51 | -90 | -150 | -150 | -150 | -150 | -150 |
| Total Interior Franchise Fund (net) | BA | | | | | | | |
| | O | -12 | -15 | -45 | -6 | | | |
| Total Federal funds Departmental Management | BA | 264 | 183 | 65 | 65 | 66 | 67 | 69 |
| | O | 782 | 267 | 45 | 85 | 87 | 67 | 69 |

Insular Affairs
Federal funds

General and Special Funds:

Assistance to territories:

| | | | | | | | | |
|---|--------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 808 BA | 38 | 42 | 41 | 31 | 41 | 43 | 43 |
| Appropriation, mandatory | BA | 28 | 28 | 33 | 33 | 33 | 33 | 33 |
| Advance appropriation, discretionary | BA | | | | 10 | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 35 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 76 | 102 | 90 | 99 | 102 | 103 | 104 |
| Limitation on direct loan activity | | | (19) | | | | | |
| Assistance to territories (gross) | BA | 67 | 105 | 75 | 75 | 75 | 77 | 77 |
| | O | 76 | 102 | 90 | 99 | 102 | 103 | 104 |
| Total, offsetting collections | | -1 | -35 | -1 | -1 | -1 | -1 | -1 |
| Total Assistance to territories (net) | BA | 66 | 70 | 74 | 74 | 74 | 76 | 76 |
| | O | 75 | 67 | 89 | 98 | 101 | 102 | 103 |

Trust Territory of the Pacific Islands:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Outlays | 808 O | 3 | 6 | 6 | 6 | | | |
| Compact of free association: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 9 | 8 | 9 | 9 | 9 | 9 | 10 |
| Appropriation, mandatory | BA | 132 | 134 | 136 | 161 | 164 | 164 | 164 |
| Outlays | O | 143 | 169 | 195 | 199 | 189 | 189 | 173 |
| Total Compact of free association | BA | 141 | 142 | 145 | 170 | 173 | 173 | 174 |
| | O | 143 | 169 | 195 | 199 | 189 | 189 | 173 |

Payments to the United States territories, fiscal assistance:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, mandatory | 806 BA | 109 | 109 | 106 | 96 | 92 | 92 | 92 |
| Outlays | O | 109 | 109 | 106 | 96 | 92 | 92 | 92 |
| Total Federal funds Insular Affairs | BA | 316 | 321 | 325 | 340 | 339 | 341 | 342 |
| | O | 330 | 351 | 396 | 399 | 382 | 383 | 368 |

Office of the Solicitor
Federal funds

General and Special Funds:

Office of the Solicitor:

| | | | | | | | | |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 306 BA | 38 | 40 | 44 | 44 | 45 | 46 | 47 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 43 | 42 | 46 | 46 | 46 | 47 | 50 |
| Office of the Solicitor (gross) | BA | 42 | 44 | 46 | 46 | 47 | 48 | 49 |
| | O | 43 | 42 | 46 | 46 | 46 | 47 | 50 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -4 | -4 | -2 | -2 | -2 | -2 | -2 |
| Total Office of the Solicitor (net) | BA | 38 | 40 | 44 | 44 | 45 | 46 | 47 |
| | O | 39 | 38 | 44 | 44 | 44 | 45 | 48 |

Office of Inspector General
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 25 | 26 | 29 | 29 | 29 | 30 | 31 |
| Spending authority from offsetting collections, discretionary | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 22 | 26 | 32 | 32 | 32 | 33 | 34 |
| Office of Inspector General (gross) | BA | 28 | 29 | 32 | 32 | 32 | 33 | 34 |
| | O | 22 | 26 | 32 | 32 | 32 | 33 | 34 |
| Change in receivables and unpaid, unfilled orders | BA | -3 | | | | | | |
| Total, offsetting collections | | | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Office of Inspector General (net) | BA | 25 | 26 | 29 | 29 | 29 | 30 | 31 |
| | O | 22 | 23 | 29 | 29 | 29 | 30 | 31 |

Natural Resources Damage Assessment and Restoration
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Natural resource damage assessment fund: | | | | | | | | |
| Appropriation, discretionary | 303 BA | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Appropriation, mandatory | BA | 34 | 40 | 44 | 44 | 22 | 22 | 22 |
| Outlays | O | 21 | 41 | 45 | 45 | 41 | 38 | 38 |
| Total Natural resource damage assessment fund | BA | 38 | 45 | 49 | 49 | 27 | 27 | 27 |
| | O | 21 | 41 | 45 | 45 | 41 | 38 | 38 |

Office of Special Trustee for American Indians
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|----|-----|----|----|----|----|----|
| Office of the Special Trustee for American Indians: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 57 | 90 | 83 | 83 | 84 | 86 | 88 |
| Outlays | O | 43 | 101 | 85 | 83 | 84 | 85 | 88 |
| Payments for trust accounting deficiencies: | | | | | | | | |
| Appropriation, mandatory | 306 BA | | | 7 | | | | |
| Outlays | O | | | 7 | | | | |
| Indian land consolidation pilot: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 5 | 5 | 13 | 13 | 13 | 13 | 14 |
| Outlays | O | 2 | 7 | 13 | 13 | 13 | 13 | 14 |
| Miscellaneous Indian trust payments: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 32 | | | | | | |
| Outlays | O | 32 | | | | | | |
| Tribal special fund: | | | | | | | | |
| Appropriation, mandatory | 452 BA | | 60 | 30 | 32 | 34 | 36 | 38 |
| Outlays | O | | 30 | 30 | 32 | 34 | 36 | 38 |
| Miscellaneous permanent appropriations: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 23 | | | | | | |
| Outlays | O | 9 | | | | | | |

Trust funds

| | | | | | | | | |
|--------------------------------|--------|-----|----|----|----|----|----|----|
| Tribal trust fund: | | | | | | | | |
| Appropriation, mandatory | 452 BA | | 31 | 33 | 35 | 37 | 39 | 41 |
| Outlays | O | | 31 | 33 | 35 | 37 | 39 | 41 |
| Cooperative fund (Papago): | | | | | | | | |
| Appropriation, mandatory | 452 BA | 2 | | | | | | |
| Outlays | O | | 31 | | | | | |
| Miscellaneous trust funds: | | | | | | | | |
| Appropriation, mandatory | 452 BA | 438 | | | | | | |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 322 | | | | | | |
| Total Federal funds Office of Special Trustee for American Indians | BA | 117 | 155 | 133 | 128 | 131 | 135 | 140 |
| | O | 86 | 138 | 135 | 128 | 131 | 134 | 140 |
| Total Trust funds Office of Special Trustee for American Indians | BA | 440 | 31 | 33 | 35 | 37 | 39 | 41 |
| | O | 322 | 62 | 33 | 35 | 37 | 39 | 41 |

National Indian Gaming Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, discretionary | 806 BA | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 14 | 4 | 1 | 1 | 1 | 1 | 1 |
| Salaries and expenses (gross) | BA | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 14 | 4 | 1 | 1 | 1 | 1 | 1 |
| Total, offsetting collections | | -4 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Salaries and expenses (net) | BA | | | | | | | |
| | O | 10 | 3 | | | | | |

National Indian Gaming Commission, activity fees:

| | | | | | | | | |
|---|--------|-------|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory | 806 BA | 5 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | | 7 | 7 | 7 | 7 | 7 | 7 |
| Total Federal funds National Indian Gaming Commission | BA | 5 | 7 | 7 | 7 | 7 | 7 | 7 |
| | O | 10 | 10 | 7 | 7 | 7 | 7 | 7 |
| Total Federal funds Departmental Offices | BA | 803 | 777 | 652 | 662 | 644 | 653 | 663 |
| | O | 1,290 | 868 | 701 | 737 | 721 | 704 | 701 |
| Total Trust funds Departmental Offices | BA | 440 | 31 | 33 | 35 | 37 | 39 | 41 |
| | O | 322 | 62 | 33 | 35 | 37 | 39 | 41 |

Summary

| | | | | | | | | |
|--|----------|--------|--------|-----------------|------------------|------------------|------------------|------------------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 9,789 | 10,282 | 11,034 | 11,077 | 11,179 | 11,424 | 11,681 |
| | O | 9,625 | 10,377 | 10,418 | 10,719 | 11,071 | 11,314 | 11,565 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 301 BA/O | -10 | -10 | -10 | -10 | -10 | -10 | -10 |
| | 303 BA/O | -29 | -33 | -32 | -33 | -36 | -38 | -39 |
| | 452 BA/O | -23 | | | | | | |
| | 908 BA/O | -115 | -111 | -173 | -182 | -192 | -202 | -205 |
| | | | | | | | | ^J -9 |
| Proprietary receipts from the public | 301 BA/O | -308 | -236 | -242 | -241 | -240 | -245 | -242 |
| | 302 BA/O | -1,126 | -1,525 | -1,366 | -1,397 | -1,370 | -1,394 | -1,437 |
| | | | | ^B -5 | ^B -10 | ^B -36 | ^B -36 | ^B -36 |
| | 303 BA/O | -282 | -280 | -294 | -229 | -203 | -207 | -216 |
| | | | | | ^B -78 | ^B -79 | ^B -81 | ^B -80 |
| | 306 BA/O | -3 | -3 | -2 | -3 | -3 | -5 | -5 |
| | 452 BA/O | -72 | -126 | -106 | -109 | -112 | -114 | -117 |
| | 806 BA/O | | -1 | | | | | |
| | 908 BA/O | -15 | -15 | -14 | -18 | -18 | -18 | -17 |
| Total Federal funds | BA | 7,806 | 7,942 | 8,790 | 8,767 | 8,880 | 9,074 | 9,268 |
| | O | 7,642 | 8,037 | 8,174 | 8,409 | 8,772 | 8,964 | 9,152 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 782 | 386 | 365 | 376 | 411 | 418 | 435 |
| | O | 632 | 450 | 374 | 366 | 384 | 401 | 419 |

DEPARTMENT OF THE INTERIOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--------------------------------------|----------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 301 BA/O | -23 | -14 | -5 | -1 | | | |
| | 302 BA/O | -13 | -9 | -9 | -9 | -9 | -9 | -10 |
| | 303 BA/O | -6 | -4 | -4 | -4 | -4 | -4 | -4 |
| | 306 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| | 452 BA/O | -217 | -25 | -27 | -28 | -30 | -32 | -34 |
| | 908 BA/O | -105 | -6 | -6 | -6 | -7 | -7 | -7 |
| Total Trust funds | BA | 418 | 327 | 313 | 327 | 360 | 365 | 379 |
| | O | 268 | 391 | 322 | 317 | 333 | 348 | 363 |
| Interfund transactions | 452 BA/O | | -31 | | | | | |
| | 808 BA/O | -95 | | | | | | |
| Total Department of the Interior | BA | 8,129 | 8,238 | 9,103 | 9,094 | 9,240 | 9,439 | 9,647 |
| | O | 7,815 | 8,397 | 8,496 | 8,726 | 9,105 | 9,312 | 9,515 |

DEPARTMENT OF JUSTICE
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| General Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | 27 | 27 | 27 | 27 | 27 | 28 | 29 |
| (Outlays) | O | 27 | 24 | 27 | 27 | 27 | 28 | 28 |
| (Federal law enforcement activities): | | | | | | | | |
| (Appropriation, discretionary) | 751 BA | 79 | 81 | 94 | 94 | 95 | 97 | 100 |
| (Spending authority from offsetting collections, discretionary) | BA | 104 | 65 | 65 | 65 | 66 | 67 | 69 |
| (Outlays) | O | 164 | 137 | 158 | 159 | 161 | 164 | 169 |
| Salaries and expenses (gross) | BA | 210 | 173 | 186 | 186 | 188 | 192 | 198 |
| | O | 191 | 161 | 185 | 186 | 188 | 192 | 197 |
| Total, offsetting collections | | -104 | -65 | -65 | -65 | -66 | -67 | -69 |
| Total (Federal law enforcement activities) (net) | BA | 79 | 81 | 94 | 94 | 95 | 97 | 100 |
| | O | 60 | 72 | 93 | 94 | 95 | 97 | 100 |
| Total Salaries and expenses | BA | 106 | 108 | 121 | 121 | 122 | 125 | 129 |
| | O | 87 | 96 | 120 | 121 | 122 | 125 | 128 |
| Narrowband communications: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | 103 | 205 | 205 | 207 | 213 | 217 |
| Spending authority from offsetting collections, discretionary | BA | | 13 | | | | | |
| Outlays | O | | 81 | 179 | 206 | 207 | 211 | 216 |
| Narrowband communications (gross) | BA | | 116 | 205 | 205 | 207 | 213 | 217 |
| | O | | 81 | 179 | 206 | 207 | 211 | 216 |
| Total, offsetting collections | | | -13 | | | | | |
| Total Narrowband communications (net) | BA | | 103 | 205 | 205 | 207 | 213 | 217 |
| | O | | 68 | 179 | 206 | 207 | 211 | 216 |
| Counterterrorism fund: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 145 | 10 | 25 | 25 | 25 | 26 | 26 |
| Outlays | O | 165 | 36 | 25 | 31 | 31 | 32 | 33 |
| Telecommunications carrier compliance fund | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | | 8 | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | | | 120 | 120 | 121 | 124 | 127 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | | 38 | 120 | 120 | 121 | 124 | 127 |
| Telecommunications carrier compliance fund (gross) | BA | | 8 | 120 | 120 | 121 | 124 | 127 |
| | O | | 38 | 120 | 120 | 121 | 124 | 127 |
| Total, offsetting collections | | | | -120 | -120 | -121 | -124 | -127 |
| Total (Defense-related activities) (net) | BA | | 8 | | | | | |
| | O | | 38 | | | | | |
| (Federal law enforcement activities): | | | | | | | | |
| (Appropriation, discretionary) | 751 BA | | 7 | 120 | 120 | 121 | 124 | 127 |
| (Spending authority from offsetting collections, discretionary) | BA | | 3 | 40 | | | | |
| (Outlays) | O | | 16 | 64 | 120 | 120 | 121 | 124 |
| Telecommunications carrier compliance fund (gross) | BA | | 3 | 55 | 120 | 120 | 121 | 124 |
| | O | | 16 | 102 | 120 | 120 | 121 | 124 |
| Total, offsetting collections | | | -3 | -40 | | | | |
| Total (Federal law enforcement activities) (net) | BA | | 7 | 120 | 120 | 121 | 124 | 127 |
| | O | | 13 | 24 | 120 | 120 | 121 | 124 |
| Total Telecommunications carrier compliance fund | BA | | 15 | 120 | 120 | 121 | 124 | 127 |
| | O | | 13 | 62 | 120 | 120 | 121 | 124 |
| Administrative review and appeals: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | 138 | 148 | 165 | 165 | 167 | 171 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | 137 | 143 | 171 | 170 | 168 | 175 |
| Administrative review and appeals (gross) | BA | | 139 | 149 | 166 | 166 | 168 | 172 |
| | O | | 137 | 143 | 171 | 170 | 168 | 175 |
| Total, offsetting collections | | | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Administrative review and appeals (net) | BA | | 138 | 148 | 165 | 165 | 167 | 171 |
| | O | | 136 | 142 | 170 | 169 | 167 | 174 |
| Detention trustee: | | | | | | | | |
| Appropriation, discretionary | 753 BA | | | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | | | 26 | 26 | 26 | 27 | 28 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | 37 | 40 | 42 | 42 | 43 | 44 |
| Spending authority from offsetting collections, discretionary | BA | | 21 | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | | 58 | 51 | 53 | 53 | 54 | 55 |
| Office of Inspector General (gross) | BA | | 58 | 51 | 53 | 53 | 54 | 55 |
| | O | | 58 | 51 | 53 | 53 | 54 | 55 |
| Total, offsetting collections | | | -21 | -11 | -11 | -11 | -11 | -12 |
| Total Office of Inspector General (net) | BA | | 37 | 40 | 42 | 42 | 43 | 44 |
| | O | | 37 | 40 | 42 | 42 | 43 | 45 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | 48 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | | 660 | 672 | 652 | 652 | 652 | 652 |
| Outlays | O | | 815 | 672 | 652 | 652 | 652 | 652 |
| Working capital fund (gross) | BA | | 708 | 672 | 652 | 652 | 652 | 652 |
| | O | | 815 | 672 | 652 | 652 | 652 | 652 |
| Total, offsetting collections | | | -660 | -672 | -652 | -652 | -652 | -652 |
| Total Working capital fund (net) | BA | | 48 | | | | | |
| | O | | 155 | | | | | |
| Total Federal funds General Administration | BA | | 474 | 424 | 704 | 704 | 711 | 747 |
| | O | | 593 | 444 | 682 | 715 | 717 | 751 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| United States Parole Commission | | | | | | | |
| <i>Federal funds</i> | | | | | | | |
| General and Special Funds: | | | | | | | |
| Salaries and expenses: | | | | | | | |
| Appropriation, discretionary | 751 BA | 6 | 9 | 9 | 9 | 9 | 10 |
| Reappropriation, discretionary | BA | 1 | | | | | |
| Outlays | O | 7 | 8 | 9 | 9 | 9 | 9 |
| Total Salaries and expenses | BA | 7 | 9 | 9 | 9 | 9 | 10 |
| | O | 7 | 8 | 9 | 9 | 9 | 9 |
| Legal Activities and U.S. Marshals | | | | | | | |
| <i>Federal funds</i> | | | | | | | |
| General and Special Funds: | | | | | | | |
| Salaries and expenses, General Legal Activities: | | | | | | | |
| Appropriation, discretionary | 752 BA | 492 | 504 | 552 | 552 | 559 | 585 |
| Spending authority from offsetting collections, discretionary | BA | 232 | 234 | 231 | 231 | 234 | 245 |
| Outlays | O | 709 | 720 | 776 | 782 | 792 | 828 |
| Salaries and expenses, General Legal Activities (gross) | BA | 724 | 738 | 783 | 783 | 793 | 830 |
| | O | 709 | 720 | 776 | 782 | 792 | 828 |
| Total, offsetting collections | | -232 | -234 | -231 | -231 | -234 | -245 |
| Total Salaries and expenses, General Legal Activities (net) | BA | 492 | 504 | 552 | 552 | 559 | 585 |
| | O | 477 | 486 | 545 | 551 | 558 | 583 |
| Salaries and expenses, Antitrust Division: | | | | | | | |
| Spending authority from offsetting collections, discretionary | 752 BA | 102 | 109 | 134 | 134 | 135 | 142 |
| Outlays | O | 99 | 89 | 121 | 153 | 157 | 164 |
| Salaries and expenses, Antitrust Division (gross) | BA | 102 | 109 | 134 | 134 | 135 | 142 |
| | O | 99 | 89 | 121 | 153 | 157 | 164 |
| Total, offsetting collections | | -98 | -111 | -165 | -165 | -167 | -175 |
| Total Salaries and expenses, Antitrust Division (net) | BA | 4 | -2 | -31 | -31 | -32 | -33 |
| | O | 1 | -22 | -44 | -12 | -10 | -11 |
| Salaries and expenses, United States Attorneys: | | | | | | | |
| Appropriation, discretionary | 752 BA | 1,134 | 1,167 | 1,291 | 1,291 | 1,306 | 1,368 |
| Reappropriation, discretionary | BA | 3 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 119 | 129 | 133 | 133 | 135 | 141 |
| Outlays | O | 1,188 | 1,288 | 1,376 | 1,420 | 1,440 | 1,505 |
| Salaries and expenses, United States Attorneys (gross) | BA | 1,256 | 1,296 | 1,424 | 1,424 | 1,441 | 1,509 |
| | O | 1,188 | 1,288 | 1,376 | 1,420 | 1,440 | 1,505 |
| Total, offsetting collections | | -119 | -129 | -133 | -133 | -135 | -141 |
| Total Salaries and expenses, United States Attorneys (net) | BA | 1,137 | 1,167 | 1,291 | 1,291 | 1,306 | 1,368 |
| | O | 1,069 | 1,159 | 1,243 | 1,287 | 1,305 | 1,364 |
| Salaries and expenses, Foreign Claims Settlement Commission: | | | | | | | |
| Appropriation, discretionary | 153 BA | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 |
| Salaries and expenses, United States Marshals Service: | | | | | | | |
| Appropriation, discretionary | 752 BA | 497 | 541 | 586 | 586 | 593 | 621 |
| Reappropriation, discretionary | BA | 7 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 35 | 16 | 33 | 33 | 33 | 35 |
| Outlays | O | 551 | 570 | 621 | 619 | 626 | 655 |
| Salaries and expenses, United States Marshals Service (gross) | BA | 539 | 557 | 619 | 619 | 626 | 656 |
| | O | 551 | 570 | 621 | 619 | 626 | 655 |
| Total, offsetting collections | | -35 | -16 | -33 | -33 | -33 | -35 |
| Total Salaries and expenses, United States Marshals Service (net) | BA | 504 | 541 | 586 | 586 | 593 | 621 |
| | O | 516 | 554 | 588 | 586 | 593 | 620 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Construction: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | | 1 | 5 | 6 | 6 | 6 | 7 |
| Federal prisoner detention: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 456 | 525 | 597 | 597 | 604 | 619 | 633 |
| Spending authority from offsetting collections, discretionary | BA | 61 | 36 | 35 | 35 | 35 | 36 | 37 |
| Outlays | O | 573 | 418 | 584 | 609 | 634 | 648 | 663 |
| Federal prisoner detention (gross) | BA | 517 | 561 | 632 | 632 | 639 | 655 | 670 |
| | O | 573 | 418 | 584 | 609 | 634 | 648 | 663 |
| Total, offsetting collections | | -61 | -36 | -35 | -35 | -35 | -36 | -37 |
| Total Federal prisoner detention (net) | BA | 456 | 525 | 597 | 597 | 604 | 619 | 633 |
| | O | 512 | 382 | 549 | 574 | 599 | 612 | 626 |
| Fees and expenses of witnesses: | | | | | | | | |
| Appropriation, mandatory | 752 BA | 95 | 95 | 156 | 111 | 113 | 116 | 119 |
| Outlays | O | 102 | 96 | 137 | 110 | 112 | 115 | 118 |
| Salaries and expenses, Community Relations Service: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 7 | 7 | 10 | 10 | 10 | 10 | 11 |
| Spending authority from offsetting collections, discretionary | BA | 1 | | | | | | |
| Outlays | O | 7 | 7 | 10 | 10 | 11 | 11 | 11 |
| Salaries and expenses, Community Relations Service (gross) | BA | 8 | 7 | 10 | 10 | 10 | 10 | 11 |
| | O | 7 | 7 | 10 | 10 | 11 | 11 | 11 |
| Total, offsetting collections | | -1 | | | | | | |
| Total Salaries and expenses, Community Relations Service (net) | BA | 7 | 7 | 10 | 10 | 10 | 10 | 11 |
| | O | 6 | 7 | 10 | 10 | 11 | 11 | 11 |
| Independent counsel: | | | | | | | | |
| Appropriation, mandatory | 752 BA | 26 | 10 | 10 | 10 | 10 | 10 | 10 |
| Outlays | O | 31 | 10 | 10 | 10 | 10 | 10 | 10 |
| Civil liberties public education fund: | | | | | | | | |
| Outlays | 808 O | 6 | | | | | | |
| United States trustee system fund: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 5 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 110 | 113 | 127 | 127 | 129 | 132 | 135 |
| Outlays | O | 138 | 109 | 114 | 124 | 128 | 131 | 134 |
| United States trustee system fund (gross) | BA | 115 | 113 | 127 | 127 | 129 | 132 | 135 |
| | O | 138 | 109 | 114 | 124 | 128 | 131 | 134 |
| Total, offsetting collections | | -110 | -121 | -127 | -127 | -128 | -131 | -134 |
| Total United States trustee system fund (net) | BA | 5 | -8 | | | 1 | 1 | 1 |
| | O | 28 | -12 | -13 | -3 | | | |
| Assets forfeiture fund: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 23 | 23 | 23 | 23 | 23 | 24 | 24 |
| Appropriation, mandatory | BA | 560 | 484 | 463 | 430 | 440 | 451 | 459 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 502 | 521 | 429 | 430 | 430 | 431 | 431 |
| Assets forfeiture fund (gross) | BA | 585 | 511 | 490 | 457 | 467 | 479 | 487 |
| | O | 502 | 521 | 429 | 430 | 430 | 431 | 431 |
| Total, offsetting collections | | -2 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Assets forfeiture fund (net) | BA | 583 | 507 | 486 | 453 | 463 | 475 | 483 |
| | O | 500 | 517 | 425 | 426 | 426 | 427 | 427 |
| Intragovernmental Funds: | | | | | | | | |
| Justice prisoner and alien transportation system, U.S. Marshals Service: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 752 BA | 74 | 76 | 86 | 86 | 87 | 89 | 91 |
| Outlays | O | 73 | 69 | 85 | 86 | 87 | 89 | 91 |
| Justice prisoner and alien transportation system, U.S. Marshals Service (gross) | BA | 74 | 76 | 86 | 86 | 87 | 89 | 91 |
| | O | 73 | 69 | 85 | 86 | 87 | 89 | 91 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -74 | -76 | -86 | -86 | -87 | -89 | -91 |
| Total Justice prisoner and alien transportation system, U.S. Marshals Service (net) | BA | | | | | | | |
| | O | -1 | -7 | -1 | | | | |
| Total Federal funds Legal Activities and U.S. Marshals | BA | 3,315 | 3,353 | 3,664 | 3,586 | 3,634 | 3,725 | 3,805 |
| | O | 3,248 | 3,172 | 3,455 | 3,546 | 3,611 | 3,682 | 3,756 |

Radiation Exposure Compensation

Federal funds

General and Special Funds:

Administrative expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 054 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Payment to radiation exposure compensation trust fund:

| | | | | | | | | |
|------------------------------------|--------|--|---|----|----|----|----|----|
| Appropriation, discretionary | 054 BA | | 3 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | | 3 | 14 | 14 | 14 | 15 | 15 |

Trust funds

Radiation exposure compensation trust fund:

| | | | | | | | | |
|--------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 054 BA | -2 | 3 | 14 | 14 | 14 | 15 | 15 |
| Reappropriation, discretionary | BA | 2 | | | | | | |
| Outlays | O | 13 | 11 | 9 | 14 | 15 | 15 | 15 |

| | | | | | | | | |
|--|----|--|----|----|----|----|----|----|
| Total Radiation exposure compensation trust fund | BA | | 3 | 14 | 14 | 14 | 15 | 15 |
| | O | | 13 | 11 | 9 | 14 | 15 | 15 |

| | | | | | | | | |
|---|----|---|---|----|----|----|----|----|
| Total Federal funds Radiation Exposure Compensation | BA | 2 | 5 | 16 | 16 | 16 | 17 | 17 |
| | O | 2 | 5 | 16 | 16 | 16 | 17 | 17 |

| | | | | | | | | |
|---|----|--|----|----|----|----|----|----|
| Total Trust funds Radiation Exposure Compensation | BA | | 3 | 14 | 14 | 14 | 15 | 15 |
| | O | | 13 | 11 | 9 | 14 | 15 | 15 |

Interagency Law Enforcement

Federal funds

General and Special Funds:

Interagency crime and drug enforcement:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 751 BA | 304 | 317 | 329 | 329 | 333 | 341 | 349 |
| Outlays | O | 317 | 314 | 326 | 329 | 332 | 339 | 347 |

Federal Bureau of Investigation

Federal funds

General and Special Funds:

Salaries and expenses

(Defense-related activities):

| | | | | | | | | |
|--------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) | 054 BA | 292 | 292 | 300 | 300 | 304 | 311 | 318 |
| (Outlays) | O | 266 | 283 | 269 | 293 | 303 | 309 | 315 |

(Federal law enforcement activities):

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| (Appropriation, discretionary) | 751 BA | 2,652 | 2,753 | 2,978 | 2,978 | 3,014 | 3,088 | 3,156 |
| (Reappropriation, discretionary) | BA | 12 | | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | 528 | 528 | 511 | 511 | 517 | 530 | 542 |
| | | | | B 14 | B 14 | B 14 | B 15 | B 15 |
| (Outlays) | O | 3,284 | 3,193 | 3,158 | 3,412 | 3,517 | 3,596 | 3,673 |
| | | | | B 14 | B 14 | B 14 | B 15 | B 15 |

| | | | | | | | | |
|-------------------------------------|----|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses (gross) | BA | 3,484 | 3,573 | 3,803 | 3,803 | 3,849 | 3,944 | 4,031 |
| | O | 3,550 | 3,476 | 3,441 | 3,719 | 3,834 | 3,920 | 4,003 |

| | | | | | | | | |
|-------------------------------------|--|------|------|------|------|------|------|------|
| Total, offsetting collections | | -528 | -528 | -511 | -511 | -517 | -530 | -542 |
| | | | | B-14 | B-14 | B-14 | B-15 | B-15 |

| | | | | | | | | |
|--|----|-------|-------|-------|-------|-------|-------|-------|
| Total (Federal law enforcement activities) (net) | BA | 2,664 | 2,753 | 2,978 | 2,978 | 3,014 | 3,088 | 3,156 |
| | O | 2,756 | 2,665 | 2,647 | 2,901 | 3,000 | 3,066 | 3,131 |

| | | | | | | | | |
|-----------------------------------|----|-------|-------|-------|-------|-------|-------|-------|
| Total Salaries and expenses | BA | 2,956 | 3,045 | 3,278 | 3,278 | 3,318 | 3,399 | 3,474 |
| | O | 3,022 | 2,948 | 2,916 | 3,194 | 3,303 | 3,375 | 3,446 |

Construction:

| | | | | | | | | |
|------------------------------------|--------|----|---|---|---|---|---|---|
| Appropriation, discretionary | 751 BA | -3 | 1 | 3 | 3 | 3 | 3 | 3 |
|------------------------------------|--------|----|---|---|---|---|---|---|

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 18 | 2 | 5 | 2 | 3 | 3 | 3 |
| Total Federal funds Federal Bureau of Investigation | BA | 2,953 | 3,046 | 3,281 | 3,281 | 3,321 | 3,402 | 3,477 |
| | O | 3,040 | 2,950 | 2,921 | 3,196 | 3,306 | 3,378 | 3,449 |

Drug Enforcement Administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 1,227 | 1,273 | 1,368 | 1,368 | 1,384 | 1,419 | 1,450 |
| Reappropriation, discretionary | BA | 9 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 190 | 214 | 203 | 203 | 205 | 211 | 215 |
| Outlays | O | 1,315 | 1,360 | 1,420 | 1,561 | 1,585 | 1,619 | 1,653 |
| Salaries and expenses (gross) | BA | 1,426 | 1,487 | 1,571 | 1,571 | 1,589 | 1,630 | 1,665 |
| | O | 1,315 | 1,360 | 1,420 | 1,561 | 1,585 | 1,619 | 1,653 |
| Total, offsetting collections | | -190 | -214 | -203 | -203 | -205 | -211 | -215 |
| Total Salaries and expenses (net) | BA | 1,236 | 1,273 | 1,368 | 1,368 | 1,384 | 1,419 | 1,450 |
| | O | 1,125 | 1,146 | 1,217 | 1,358 | 1,380 | 1,408 | 1,438 |

Construction:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 8 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 13 | 3 | 12 | 6 | 6 | 6 | 7 |
| Diversion control fee account: | | | | | | | | |
| Appropriation, mandatory | 751 BA | 54 | 80 | 83 | 89 | 92 | 95 | 99 |
| Outlays | O | 63 | 80 | 79 | 89 | 91 | 94 | 97 |
| Total Federal funds Drug Enforcement Administration | BA | 1,298 | 1,359 | 1,457 | 1,463 | 1,482 | 1,520 | 1,555 |
| | O | 1,201 | 1,229 | 1,308 | 1,453 | 1,477 | 1,508 | 1,542 |

Immigration and Naturalization Service

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 2,568 | 2,893 | 3,120 | 3,120 | 3,157 | 3,236 | 3,307 |
| Reappropriation, discretionary | BA | 8 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1,261 | 1,301 | 1,614 | 1,614 | 1,633 | 1,674 | 1,711 |
| Outlays | O | 3,806 | 4,533 | 4,836 | 4,598 | 4,774 | 4,891 | 4,995 |
| Salaries and expenses (gross) | BA | 3,837 | 4,194 | 4,734 | 4,734 | 4,790 | 4,910 | 5,018 |
| | O | 3,806 | 4,533 | 4,836 | 4,598 | 4,774 | 4,891 | 4,995 |
| Total, offsetting collections | | -1,261 | -1,301 | -1,614 | -1,614 | -1,633 | -1,674 | -1,711 |
| Total Salaries and expenses (net) | BA | 2,576 | 2,893 | 3,120 | 3,120 | 3,157 | 3,236 | 3,307 |
| | O | 2,545 | 3,232 | 3,222 | 2,984 | 3,141 | 3,217 | 3,284 |

Construction:

| | | | | | | | | |
|------------------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 90 | 100 | 111 | 111 | 112 | 115 | 118 |
| Outlays | O | 47 | 95 | 91 | 100 | 110 | 112 | 114 |
| Immigration emergency fund: | | | | | | | | |
| Appropriation, discretionary | 751 BA | -5 | -1 | | | | | |
| Outlays | O | 1 | | | | | | |
| Immigration support: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | | 357 | 357 | 361 | 370 | 378 |
| Appropriation, mandatory | BA | 1,255 | 1,322 | 1,299 | 1,319 | 1,319 | 1,319 | 1,319 |
| Outlays | O | 1,182 | 1,322 | 1,656 | 1,676 | 1,680 | 1,689 | 1,697 |
| Total Immigration support | BA | 1,255 | 1,322 | 1,656 | 1,676 | 1,680 | 1,689 | 1,697 |
| | O | 1,182 | 1,322 | 1,656 | 1,676 | 1,680 | 1,689 | 1,697 |

Intragovernmental Funds:

Shared support operations fund:

| | | | | | | | | |
|---|--------|--|--|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, discretionary | 751 BA | | | 155 | 155 | 157 | 161 | 164 |
|---|--------|--|--|------------|------------|------------|------------|------------|

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | | | 155 | 155 | 157 | 161 | 164 |
| Shared support operations fund (gross) | BA | | | 155 | 155 | 157 | 161 | 164 |
| | O | | | 155 | 155 | 157 | 161 | 164 |
| Total, offsetting collections | | | | -155 | -155 | -157 | -161 | -164 |
| Total Shared support operations fund (net) | BA | | | | | | | |
| | O | | | | | | | |
| Total Federal funds Immigration and Naturalization Service | BA | 3,916 | 4,314 | 4,887 | 4,907 | 4,949 | 5,040 | 5,122 |
| | O | 3,775 | 4,649 | 4,969 | 4,760 | 4,931 | 5,018 | 5,095 |

Federal Prison System

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 753 BA | 2,734 | 3,112 | 3,546 | 3,546 | 3,589 | 3,721 | 3,869 |
| Reappropriation, discretionary | BA | 113 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 54 | 22 | 22 | 22 | 22 | 23 | 23 |
| Outlays | O | 2,811 | 3,118 | 3,401 | 3,546 | 3,604 | 3,722 | 3,862 |
| Salaries and expenses (gross) | BA | 2,901 | 3,134 | 3,568 | 3,568 | 3,611 | 3,744 | 3,892 |
| | O | 2,811 | 3,118 | 3,401 | 3,546 | 3,604 | 3,722 | 3,862 |
| Total, offsetting collections | | -54 | -22 | -22 | -22 | -22 | -23 | -23 |
| Total Salaries and expenses (net) | BA | 2,847 | 3,112 | 3,546 | 3,546 | 3,589 | 3,721 | 3,869 |
| | O | 2,757 | 3,096 | 3,379 | 3,524 | 3,582 | 3,699 | 3,839 |

Buildings and facilities:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 753 BA | 452 | 557 | 836 | 155 | 157 | 161 | 164 |
| Advance appropriation, discretionary | BA | | | | 791 | 535 | | |
| Spending authority from offsetting collections, discretionary | BA | 29 | | | | | | |
| Outlays | O | 484 | 460 | 665 | 761 | 949 | 760 | 439 |
| Buildings and facilities (gross) | BA | 481 | 557 | 836 | 946 | 692 | 161 | 164 |
| | O | 484 | 460 | 665 | 761 | 949 | 760 | 439 |
| Total, offsetting collections | | -29 | | | | | | |
| Total Buildings and facilities (net) | BA | 452 | 557 | 836 | 946 | 692 | 161 | 164 |
| | O | 455 | 460 | 665 | 761 | 949 | 760 | 439 |

Intragovernmental Funds:

Federal Prison Industries, Incorporated:

| | | | | | | | | |
|---|--------|------|------|------|------|------|------|------|
| Spending authority from offsetting collections, discretionary | 753 BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Spending authority from offsetting collections, mandatory | BA | 460 | 601 | 604 | 692 | 726 | 761 | 798 |
| Outlays | O | 455 | 605 | 608 | 696 | 730 | 765 | 802 |
| Federal Prison Industries, Incorporated (gross) | BA | 463 | 605 | 608 | 696 | 730 | 765 | 802 |
| | O | 455 | 605 | 608 | 696 | 730 | 765 | 802 |
| Total, offsetting collections | | -463 | -605 | -608 | -696 | -730 | -765 | -803 |
| Total Federal Prison Industries, Incorporated (net) | BA | | | | | | | -1 |
| | O | -8 | | | | | | -1 |

Trust funds

Commissary funds, Federal prisons (trust revolving fund):

| | | | | | | | | |
|--|--------|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory | 753 BA | 192 | 201 | 209 | 215 | 220 | 225 | 229 |
| Outlays | O | 192 | 203 | 205 | 211 | 217 | 224 | 230 |
| Commissary funds, Federal prisons (trust revolving fund) (gross) | BA | 192 | 201 | 209 | 215 | 220 | 225 | 229 |
| | O | 192 | 203 | 205 | 211 | 217 | 224 | 230 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -192 | -201 | -209 | -215 | -220 | -225 | -229 |
| Total Commissary funds, Federal prisons (trust revolving fund) (net) | BA | | | | | | | |
| | O | 2 | -4 | -4 | -3 | -1 | 1 | |
| Total Federal funds Federal Prison System | BA | 3,299 | 3,669 | 4,382 | 4,492 | 4,281 | 3,882 | 4,032 |
| | O | 3,204 | 3,556 | 4,044 | 4,285 | 4,531 | 4,459 | 4,277 |
| Total Trust funds Federal Prison System | BA | | | | | | | |
| | O | 2 | -4 | -4 | -3 | -1 | 1 | |

Office of Justice Programs

Federal funds

General and Special Funds:

Justice assistance:

| | | | | | | | | | |
|---|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 754 | BA | 156 | 315 | 378 | 378 | 383 | 392 | 401 |
| Spending authority from offsetting collections, discretionary | | BA | 310 | 265 | 265 | 265 | 268 | 275 | 281 |
| Outlays | | O | 259 | 524 | 517 | 609 | 644 | 658 | 671 |
| Justice assistance (gross) | | BA | 466 | 580 | 643 | 643 | 651 | 667 | 682 |
| | | O | 259 | 524 | 517 | 609 | 644 | 658 | 671 |
| Total, offsetting collections | | | -310 | -265 | -265 | -265 | -268 | -275 | -281 |
| Total Justice assistance (net) | | BA | 156 | 315 | 378 | 378 | 383 | 392 | 401 |
| | | O | -51 | 259 | 252 | 344 | 376 | 383 | 390 |

State and local law enforcement assistance:

| | | | | | | | | | |
|---|-----|----|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 754 | BA | 552 | 1,577 | 1,662 | 1,662 | 1,682 | 1,724 | 1,761 |
| Spending authority from offsetting collections, discretionary | | BA | 45 | 33 | 33 | 33 | 33 | 34 | 35 |
| Outlays | | O | 359 | 585 | 3,352 | 1,909 | 1,742 | 1,717 | 1,750 |
| State and local law enforcement assistance (gross) | | BA | 597 | 1,610 | 1,695 | 1,695 | 1,715 | 1,758 | 1,796 |
| | | O | 359 | 585 | 3,352 | 1,909 | 1,742 | 1,717 | 1,750 |
| Total, offsetting collections | | | -45 | -33 | -33 | -33 | -33 | -34 | -35 |
| Total State and local law enforcement assistance (net) | | BA | 552 | 1,577 | 1,662 | 1,662 | 1,682 | 1,724 | 1,761 |
| | | O | 314 | 552 | 3,319 | 1,876 | 1,709 | 1,683 | 1,715 |

Violent crime reduction programs, State and local law enforcement assistance:

| | | | | | | | | | |
|--|-----|----|--------------|--------------|--|--|--|--|--|
| Appropriation, discretionary | 754 | BA | 2,370 | 1,182 | | | | | |
| Spending authority from offsetting collections, discretionary | | BA | 10 | 63 | | | | | |
| Outlays | | O | 2,276 | 1,149 | | | | | |
| Violent crime reduction programs, State and local law enforcement assistance (gross) | | BA | 2,380 | 1,245 | | | | | |
| | | O | 2,276 | 1,149 | | | | | |
| Total, offsetting collections | | | -10 | -63 | | | | | |
| Total Violent crime reduction programs, State and local law enforcement assistance (net) | | BA | 2,370 | 1,182 | | | | | |
| | | O | 2,266 | 1,086 | | | | | |

Weed and seed program fund:

| | | | | | | | | | |
|---|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 751 | BA | 34 | 34 | 42 | 42 | 43 | 44 | 45 |
| Spending authority from offsetting collections, discretionary | | BA | 7 | 7 | | | | | |
| Outlays | | O | 35 | 29 | 47 | 60 | 44 | 43 | 44 |
| Weed and seed program fund (gross) | | BA | 41 | 41 | 42 | 42 | 43 | 44 | 45 |
| | | O | 35 | 29 | 47 | 60 | 44 | 43 | 44 |
| Total, offsetting collections | | | -7 | -7 | | | | | |
| Total Weed and seed program fund (net) | | BA | 34 | 34 | 42 | 42 | 43 | 44 | 45 |
| | | O | 28 | 22 | 47 | 60 | 44 | 43 | 44 |

Community oriented policing services:

| | | | | | | | | | |
|------------------------------------|-----|----|-------|-----|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 754 | BA | 1,430 | 595 | 1,335 | 1,335 | 1,351 | 1,385 | 1,415 |
| Outlays | | O | 1,161 | 829 | 1,748 | 1,483 | 1,375 | 1,289 | 1,354 |

DEPARTMENT OF JUSTICE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Juvenile justice programs: | | | | | | | | |
| Appropriation, discretionary | 754 BA | 278 | 280 | 282 | 282 | 285 | 292 | 299 |
| Spending authority from offsetting collections, discretionary | BA | 34 | 35 | 35 | 35 | 35 | 36 | 37 |
| Outlays | O | 185 | 214 | 382 | 505 | 345 | 321 | 328 |
| Juvenile justice programs (gross) | BA | 312 | 315 | 317 | 317 | 320 | 328 | 336 |
| | O | 185 | 214 | 382 | 505 | 345 | 321 | 328 |
| Total, offsetting collections | | -34 | -35 | -35 | -35 | -35 | -36 | -37 |
| Total Juvenile justice programs (net) | BA | 278 | 280 | 282 | 282 | 285 | 292 | 299 |
| | O | 151 | 179 | 347 | 470 | 310 | 285 | 291 |
| Public safety officers' benefits: | | | | | | | | |
| Appropriation, discretionary | 754 BA | | | 5 | 5 | 5 | 5 | 5 |
| Appropriation, mandatory | BA | 32 | 33 | 33 | 34 | 34 | 35 | 35 |
| Outlays | O | 29 | 34 | 41 | 39 | 39 | 40 | 40 |
| Total Public safety officers' benefits | BA | 32 | 33 | 38 | 39 | 39 | 40 | 40 |
| | O | 29 | 34 | 41 | 39 | 39 | 40 | 40 |
| Crime victims fund: | | | | | | | | |
| Appropriation, discretionary | 754 BA | | | -513 | 200 | 200 | 113 | |
| Appropriation, mandatory | BA | 321 | 503 | 1,063 | 350 | 350 | 350 | 350 |
| Outlays | O | 348 | 749 | 698 | 648 | 550 | 463 | 350 |
| Total Crime victims fund | BA | 321 | 503 | 550 | 550 | 550 | 463 | 350 |
| | O | 348 | 749 | 698 | 648 | 550 | 463 | 350 |
| Total Federal funds Office of Justice Programs | BA | 5,173 | 4,519 | 4,287 | 4,288 | 4,333 | 4,340 | 4,311 |
| | O | 4,246 | 3,710 | 6,452 | 4,920 | 4,403 | 4,186 | 4,184 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 20,741 | 21,015 | 23,016 | 23,075 | 23,069 | 23,006 | 23,425 |
| | O | 19,633 | 20,037 | 24,182 | 23,229 | 23,333 | 23,330 | 23,427 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 908 BA/O | -59 | -50 | -41 | -41 | -41 | -41 | -41 |
| Offsetting governmental receipts | 751 BA/O | -1,270 | -1,461 | -1,764 | -1,675 | -1,701 | -1,713 | -1,723 |
| Total Federal funds | BA | 19,412 | 19,504 | 21,211 | 21,359 | 21,327 | 21,252 | 21,661 |
| | O | 18,304 | 18,526 | 22,377 | 21,513 | 21,591 | 21,576 | 21,663 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | | 3 | 14 | 14 | 14 | 15 | 15 |
| | O | 13 | 13 | 5 | 10 | 12 | 14 | 16 |
| Interfund transactions | 054 BA/O | | -3 | -14 | -14 | -14 | -15 | -15 |
| Total Department of Justice | BA | 19,412 | 19,504 | 21,211 | 21,359 | 21,327 | 21,252 | 21,661 |
| | O | 18,317 | 18,536 | 22,368 | 21,509 | 21,589 | 21,575 | 21,664 |

DEPARTMENT OF LABOR
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Employment and Training Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Training and employment services: | | | | | | | | |
| Appropriation, discretionary | 504 BA | 5,278 | 2,991 | 3,643 | 3,643 | 3,687 | 3,778 | 3,861 |
| | | | | J-105 | J-105 | J-106 | J-109 | J-111 |
| Appropriation, mandatory | BA | 41 | 50 | 48 | | | | |
| Advance appropriation, discretionary | BA | | | 2,463 | 2,463 | 2,493 | 2,554 | 2,610 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 4 | 4 | 4 | 4 | 4 | 4 |
| Spending authority from offsetting collections, mandatory | BA | | | B-105 | B-105 | B-105 | B-105 | B-105 |

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|--------|----------------|-----------------------------|---|--------------------------------------|--------------------------------------|--|--|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Outlays | O | 4,676 | 5,373 | 5,725 <i>B</i> 3 <i>J</i> -3 | 5,847 <i>B</i> 56 <i>J</i> -55 | 6,083 <i>B</i> 93 <i>J</i> -92 | 6,238 <i>B</i> 105 <i>J</i> -105 | 6,362 <i>B</i> 105 <i>J</i> -107 |
| Training and employment services (gross) | BA | 5,320 | 3,045 | 6,158 | 6,110 | 6,183 | 6,332 | 6,469 |
| | O | 4,676 | 5,373 | 5,725 | 5,848 | 6,084 | 6,238 | 6,360 |
| Total, offsetting collections | | -1 | -4 | -4 <i>B</i> -105 | -4 <i>B</i> -105 | -4 <i>B</i> -105 | -4 <i>B</i> -105 | -4 <i>B</i> -105 |
| Total Training and employment services (net) | BA | 5,319 | 3,041 | 6,049 | 6,001 | 6,074 | 6,223 | 6,360 |
| | O | 4,675 | 5,369 | 5,616 | 5,739 | 5,975 | 6,129 | 6,251 |
| Welfare to work jobs: | | | | | | | | |
| Appropriation, mandatory | 504 BA | 1,488 | -137 <i>B</i> -50 | | | | | |
| Outlays | O | 267 | 960 <i>B</i> -100 | 1,370 <i>B</i> -465 | 130 <i>B</i> 150 | 16 <i>B</i> 289 | | |
| Total Welfare to work jobs | BA | 1,488 | -187 | | | | | |
| | O | 267 | 860 | 905 | 280 | 305 | 76 | |
| Community service employment for older Americans: | | | | | | | | |
| Appropriation, discretionary | 504 BA | 440 | 440 | 440 | 440 | 445 | 456 | 466 |
| Outlays | O | 441 | 440 | 440 | 440 | 441 | 448 | 458 |
| Federal unemployment benefits and allowances (Training and employment): | | | | | | | | |
| (Appropriation, mandatory) | 504 BA | 131 | 132 | 132 <i>B</i> 23 | 94 <i>B</i> 61 | 95 <i>B</i> 62 | 95 <i>B</i> 63 | 95 <i>B</i> 64 |
| (Spending authority from offsetting collections, mandatory) | BA | 15 | | | | | | |
| (Outlays) | O | 115 | 130 | 131 <i>B</i> 7 | 120 <i>B</i> 31 | 102 <i>B</i> 54 | 95 <i>B</i> 62 | 96 <i>B</i> 63 |
| Federal unemployment benefits and allowances (gross) | BA | 146 | 132 | 155 | 155 | 157 | 158 | 159 |
| | O | 115 | 130 | 138 | 151 | 156 | 157 | 159 |
| Total, offsetting collections | | -15 | | | | | | |
| Total (Training and employment) (net) | BA | 131 | 132 | 155 | 155 | 157 | 158 | 159 |
| | O | 100 | 130 | 138 | 151 | 156 | 157 | 159 |
| (Unemployment compensation): | | | | | | | | |
| (Appropriation, mandatory) | 603 BA | 230 | 283 | 275 <i>B</i> 24 | 249 <i>B</i> 46 | 227 <i>B</i> 56 | 235 <i>B</i> 57 | 243 <i>B</i> 59 |
| (Spending authority from offsetting collections, mandatory) | BA | 46 | 40 | 40 | 40 | 40 | 40 | 40 |
| (Outlays) | O | 272 | 299 | 315 <i>B</i> 24 | 289 <i>B</i> 46 | 267 <i>B</i> 56 | 275 <i>B</i> 57 | 283 <i>B</i> 59 |
| Federal unemployment benefits and allowances (gross) | BA | 407 | 455 | 494 | 490 | 480 | 490 | 501 |
| | O | 372 | 429 | 477 | 486 | 479 | 489 | 501 |
| Total, offsetting collections | | -46 | -40 | -40 | -40 | -40 | -40 | -40 |
| Total (Unemployment compensation) (net) | BA | 230 | 283 | 299 | 295 | 283 | 292 | 302 |
| | O | 226 | 259 | 299 | 295 | 283 | 292 | 302 |
| Total Federal unemployment benefits and allowances | BA | 361 | 415 | 454 | 450 | 440 | 450 | 461 |
| | O | 326 | 389 | 437 | 446 | 439 | 449 | 461 |
| State unemployment insurance and employment service operations (Training and employment): | | | | | | | | |
| (Appropriation, discretionary) | 504 BA | 162 | 163 | 197 | 197 | 199 | 205 | 208 |
| (Spending authority from offsetting collections, discretionary) | BA | 798 | 800 | 826 <i>J</i> -17 <i>B</i> 17 | 826 <i>J</i> -17 | 836 <i>J</i> -17 | 857 <i>J</i> -18 | 875 <i>J</i> -18 |
| (Spending authority from offsetting collections, mandatory) | BA | | | 990 <i>B</i> 17 | 988 | 1,029 | 1,056 | 1,077 |
| (Outlays) | O | 843 | 985 | 990 <i>J</i> -17 | 988 <i>J</i> -17 | 1,029 <i>J</i> -17 | 1,056 <i>J</i> -18 | 1,077 <i>J</i> -18 |
| State unemployment insurance and employment service operations (gross) | BA | 960 | 963 | 1,023 | 1,006 | 1,018 | 1,044 | 1,065 |
| | O | 843 | 985 | 990 | 971 | 1,012 | 1,038 | 1,059 |

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|--------|----------------|---------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -798 | -800 | -826 <i>B -17</i> <i>J 17</i> | -826 <i>J 17</i> | -836 <i>J 17</i> | -857 <i>J 18</i> | -875 <i>J 18</i> |
| Total (Training and employment) (net) | BA | 162 | 163 | 197 | 197 | 199 | 205 | 208 |
| | O | 45 | 185 | 164 | 162 | 193 | 199 | 202 |
| (Unemployment compensation): | | | | | | | | |
| (Spending authority from offsetting collections, discretionary) | 603 BA | 2,351 | 2,276 | 2,369 | 2,369 | 2,397 | 2,457 | 2,511 |
| (Outlays) | O | 2,351 | 2,276 | 2,369 | 2,369 | 2,397 | 2,457 | 2,511 |
| State unemployment insurance and employment service operations (gross) | BA | 2,513 | 2,439 | 2,566 | 2,566 | 2,596 | 2,662 | 2,719 |
| | O | 2,396 | 2,461 | 2,533 | 2,531 | 2,590 | 2,656 | 2,713 |
| Total, offsetting collections | | -2,351 | -2,276 | -2,369 | -2,369 | -2,397 | -2,457 | -2,511 |
| Total (Unemployment compensation) (net) | BA | | | | | | | |
| | O | | | | | | | |
| Total State unemployment insurance and employment service operations | BA | 162 | 163 | 197 | 197 | 199 | 205 | 208 |
| | O | 45 | 185 | 164 | 162 | 193 | 199 | 202 |
| Advances to the unemployment trust fund and other funds | | | | | | | | |
| (General retirement and disability insurance (excluding social se): | | | | | | | | |
| (Appropriation, mandatory) | 601 BA | | | <i>J 1,468</i> | | | | |
| (Outlays) | O | | | <i>J 1,468</i> | | | | |
| (Unemployment compensation): | | | | | | | | |
| (Appropriation, mandatory) | 603 BA | 23 | | | | | | |
| (Outlays) | O | 23 | | | | | | |
| Total Advances to the unemployment trust fund and other funds | BA | 23 | | 1,468 | | | | |
| | O | 23 | | 1,468 | | | | |
| Program administration: | | | | | | | | |
| Appropriation, discretionary | 504 BA | 97 | 101 | 111 | 111 | 112 | 115 | 117 |
| Spending authority from offsetting collections, discretionary | BA | 47 | 45 | 48 | 48 | 49 | 50 | 51 |
| | | | | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> |
| Spending authority from offsetting collections, mandatory | BA | | | <i>B 5</i> | <i>B 6</i> | <i>B 6</i> | <i>B 6</i> | <i>B 6</i> |
| Outlays | O | 138 | 151 | 162 | 159 | 161 | 165 | 169 |
| | | | | <i>B 5</i> | <i>B 6</i> | <i>B 6</i> | <i>B 6</i> | <i>B 6</i> |
| | | | | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> | <i>J -5</i> |
| Program administration (gross) | BA | 144 | 146 | 159 | 160 | 162 | 166 | 169 |
| | O | 138 | 151 | 162 | 160 | 162 | 166 | 170 |
| Total, offsetting collections | | -47 | -45 | -48 | -48 | -49 | -50 | -51 |
| | | | | <i>B -5</i> | <i>B -6</i> | <i>B -6</i> | <i>B -6</i> | <i>B -6</i> |
| | | | | <i>J 5</i> | <i>J 5</i> | <i>J 5</i> | <i>J 5</i> | <i>J 5</i> |
| Total Program administration (net) | BA | 97 | 101 | 111 | 111 | 112 | 115 | 117 |
| | O | 91 | 106 | 114 | 111 | 112 | 115 | 118 |
| <i>Trust funds</i> | | | | | | | | |
| Unemployment trust fund | | | | | | | | |
| (Training and employment): | | | | | | | | |
| (Appropriation, discretionary) | 504 BA | 1,090 | 1,089 | 1,135 | 1,135 | 1,149 | 1,177 | 1,204 |
| | | | | <i>J -33</i> | <i>J -33</i> | <i>J -33</i> | <i>J -34</i> | <i>J -35</i> |
| (Outlays) | O | 1,153 | 1,116 | 1,101 | 1,136 | 1,141 | 1,161 | 1,188 |
| | | | | <i>J -33</i> | <i>J -33</i> | <i>J -33</i> | <i>J -34</i> | <i>J -35</i> |
| Total (Training and employment) | BA | 1,090 | 1,089 | 1,102 | 1,102 | 1,116 | 1,143 | 1,169 |
| | O | 1,153 | 1,116 | 1,068 | 1,103 | 1,108 | 1,127 | 1,153 |
| (Unemployment compensation): | | | | | | | | |
| (Appropriation, discretionary) | 603 BA | 2,298 | 2,270 | 2,364 | 2,364 | 2,392 | 2,452 | 2,505 |
| (Appropriation, mandatory) | BA | 21,442 | 21,864 | 24,708 | 28,851 | 32,098 | 33,429 | 34,642 |
| (Advance appropriation, discretionary) | BA | 40 | | | | | | |

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 23,717 | 24,134 | 27,072 | 31,215 | 34,490 | 35,881 | 37,147 |
| Total (Unemployment compensation) | BA | 23,780 | 24,134 | 27,072 | 31,215 | 34,490 | 35,881 | 37,147 |
| | O | 23,717 | 24,134 | 27,072 | 31,215 | 34,490 | 35,881 | 37,147 |
| Total Unemployment trust fund | BA | 24,870 | 25,223 | 28,174 | 32,317 | 35,606 | 37,024 | 38,316 |
| | O | 24,870 | 25,250 | 28,140 | 32,318 | 35,598 | 37,008 | 38,300 |
| Total Federal funds Employment and Training Administration | BA | 7,890 | 3,973 | 8,719 | 7,199 | 7,270 | 7,449 | 7,612 |
| | O | 5,868 | 7,349 | 9,144 | 7,178 | 7,465 | 7,416 | 7,490 |
| Total Trust funds Employment and Training Administration | BA | 24,870 | 25,223 | 28,174 | 32,317 | 35,606 | 37,024 | 38,316 |
| | O | 24,870 | 25,250 | 28,140 | 32,318 | 35,598 | 37,008 | 38,300 |

Pension and welfare benefit administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|-----------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 601 BA | 90 | 99 | 108 | 108 | 109 | 112 | 114 |
| Spending authority from offsetting collections, discretionary | BA | ..... | 6 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 92 | 102 | 114 | 115 | 116 | 119 | 121 |
| Salaries and expenses (gross) | BA | 90 | 105 | 115 | 115 | 116 | 119 | 121 |
| | O | 92 | 102 | 114 | 115 | 116 | 119 | 121 |
| Total, offsetting collections ..... |  | ..... | -6 | -7 | -7 | -7 | -7 | -7 |
| Total Salaries and expenses (net) | BA | 90 | 99 | 108 | 108 | 109 | 112 | 114 |
| | O | 92 | 96 | 107 | 108 | 109 | 112 | 114 |

Pension Benefit Guaranty Corporation

Federal funds

Public Enterprise Funds:

Pension benefit guaranty corporation fund:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Spending authority from offsetting collections, discretionary | 601 BA | 11 | 11 | 12 | 12 | 12 | 12 | 13 |
| Spending authority from offsetting collections, mandatory | BA | 1,855 | 2,426 | 2,663 | 2,635 | 2,734 | 2,829 | 2,926 |
| | | | | <i>B 1</i> | B 1 | B 1 | B 1 | B 1 |
| Outlays | O | 1,201 | 1,313 | 1,174 | 1,296 | 1,282 | 1,362 | 1,479 |
| | | | | <i>B 1</i> | <i>B 2</i> | <i>B 3</i> | <i>B 4</i> | <i>B 4</i> |
| Pension benefit guaranty corporation fund (gross) | BA | 1,866 | 2,437 | 2,675 | 2,648 | 2,747 | 2,842 | 2,940 |
| | O | 1,201 | 1,313 | 1,175 | 1,298 | 1,285 | 1,366 | 1,483 |
| Total, offsetting collections | | -1,866 | -2,437 | -2,675 | -2,647 | -2,746 | -2,842 | -2,939 |
| | | | | <i>B -1</i> | B -1 | B -1 | B -1 | B -1 |
| Total Pension benefit guaranty corporation fund (net) | BA | ..... | ..... | ..... | ..... | ..... | -1 | ..... |
| | O | -665 | -1,124 | -1,500 | -1,350 | -1,462 | -1,477 | -1,457 |

Employment Standards Administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 505 BA | 312 | 337 | 361 | 361 | 365 | 374 | 383 |
| Appropriation, mandatory | BA | 5 | 5 | 5 | ..... | ..... | ..... | ..... |
| Spending authority from offsetting collections, discretionary | BA | 35 | 35 | 38 | 38 | 38 | 39 | 40 |
| Outlays | O | 342 | 367 | 412 | 399 | 403 | 413 | 422 |
| Salaries and expenses (gross) | BA | 352 | 377 | 404 | 399 | 403 | 413 | 423 |
| | O | 342 | 367 | 412 | 399 | 403 | 413 | 422 |
| Total, offsetting collections | | -35 | -35 | -38 | -38 | -38 | -39 | -40 |
| Total Salaries and expenses (net) | BA | 317 | 342 | 366 | 361 | 365 | 374 | 383 |
| | O | 307 | 332 | 374 | 361 | 365 | 374 | 382 |

Special benefits

(General retirement and disability insurance (excluding social se):

| | | | | | | | | |
|----------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| (Appropriation, mandatory) | 601 BA | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
|----------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------------------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| (Federal employee retirement and disability): | | | | | | | | |
| (Appropriation, mandatory) | 602 BA | 175 | 75 | 53 | 70 | 79 | 99 | 118 |
| (Spending authority from offsetting collections, mandatory) | BA | 1,901 | 1,923 | 1,955 | 1,988 | 2,022 | 2,065 | 2,114 |
| (Outlays) | O | 2,048 | 2,032 | 2,083 | 2,128 | 2,176 | 2,226 | 2,280 |
| Special benefits (gross) | BA | 2,080 | 2,002 | 2,011 | 2,061 | 2,104 | 2,167 | 2,235 |
| | O | 2,052 | 2,036 | 2,086 | 2,131 | 2,179 | 2,229 | 2,283 |
| Total, offsetting collections | | -1,901 | -1,923 | -1,955 | -1,988 | -2,022 | -2,065 | -2,114 |
| Total (Federal employee retirement and disability) (net) | BA | 175 | 75 | 53 | 70 | 79 | 99 | 118 |
| | O | 147 | 109 | 128 | 140 | 154 | 161 | 166 |
| Total Special benefits | BA | 179 | 79 | 56 | 73 | 82 | 102 | 121 |
| | O | 151 | 113 | 131 | 143 | 157 | 164 | 169 |
| Panama Canal Commission compensation fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 7 | 7 | 6 | | | | |
| Outlays | O | 6 | 6 | 7 | 7 | 7 | 7 | 7 |
| | <i>Trust funds</i> | | | | | | | |
| Black lung disability trust fund: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 598 | 599 | 593 | 608 | 621 | 630 | 638 |
| | | | | 1,468 | | | | |
| Authority to borrow, mandatory | BA | 402 | 415 | 435 | 436 | 434 | 436 | 439 |
| Outlays | O | 1,000 | 1,014 | 1,028 | 1,044 | 1,055 | 1,066 | 1,077 |
| | | | | 1,468 | | | | |
| Total Black lung disability trust fund | BA | 1,000 | 1,014 | 2,496 | 1,044 | 1,055 | 1,066 | 1,077 |
| | O | 1,000 | 1,014 | 2,496 | 1,044 | 1,055 | 1,066 | 1,077 |
| Special workers' compensation expenses: | | | | | | | | |
| Appropriation, discretionary | 601 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Appropriation, mandatory | BA | 142 | 160 | 151 | 153 | 154 | 154 | 154 |
| Outlays | O | 143 | 157 | 148 | 151 | 151 | 152 | 151 |
| Total Special workers' compensation expenses | BA | 144 | 162 | 153 | 155 | 156 | 156 | 156 |
| | O | 143 | 157 | 148 | 151 | 151 | 152 | 151 |
| Total Federal funds Employment Standards Administration | BA | 503 | 428 | 428 | 434 | 447 | 476 | 504 |
| | O | 464 | 451 | 512 | 511 | 529 | 545 | 558 |
| Total Trust funds Employment Standards Administration | BA | 1,144 | 1,176 | 2,649 | 1,199 | 1,211 | 1,222 | 1,233 |
| | O | 1,143 | 1,171 | 2,644 | 1,195 | 1,206 | 1,218 | 1,228 |

Occupational Safety and Health Administration

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 554 BA | 354 | 381 | 426 | 426 | 431 | 442 | 451 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 351 | 377 | 432 | 427 | 432 | 442 | 451 |
| Salaries and expenses (gross) | BA | 356 | 383 | 428 | 428 | 433 | 444 | 453 |
| | O | 351 | 377 | 432 | 427 | 432 | 442 | 451 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -3 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Salaries and expenses (net) | BA | 354 | 381 | 426 | 426 | 431 | 442 | 451 |
| | O | 348 | 375 | 430 | 425 | 430 | 440 | 449 |

Mine Safety and Health Administration

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 554 BA | 218 | 228 | 242 | 242 | 245 | 251 | 256 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | 2 | 2 | 2 | 2 | 2 |

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 213 | 223 | 246 | 244 | 247 | 252 | 258 |
| Salaries and expenses (gross) | BA | 218 | 229 | 244 | 244 | 247 | 253 | 258 |
| | O | 213 | 223 | 246 | 244 | 247 | 252 | 258 |
| Total, offsetting collections | | | -1 | -2 | -2 | -2 | -2 | -2 |
| Total Salaries and expenses (net) | BA | 218 | 228 | 242 | 242 | 245 | 251 | 256 |
| | O | 213 | 222 | 244 | 242 | 245 | 250 | 256 |

Bureau of Labor Statistics

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation, discretionary | 505 BA | 344 | 357 | 386 | 386 | 391 | 400 | 409 |
| Spending authority from offsetting collections, discretionary | BA | 73 | 73 | 81 | 81 | 82 | 84 | 86 |
| | | | | <i>J-11</i> | <i>J-11</i> | <i>J-11</i> | <i>J-11</i> | <i>J-12</i> |
| Spending authority from offsetting collections, mandatory | BA | | | <i>B 11</i> | B 11 | B 11 | B 11 | B 11 |
| Outlays | O | 399 | 411 | 453 | 466 | 471 | 482 | 493 |
| | | | | <i>B 11</i> | B 11 | B 11 | B 11 | B 11 |
| | | | | <i>J-11</i> | <i>J-11</i> | <i>J-11</i> | <i>J-11</i> | <i>J-12</i> |
| Salaries and expenses (gross) | BA | 417 | 430 | 467 | 467 | 473 | 484 | 494 |
| | O | 399 | 411 | 453 | 466 | 471 | 482 | 492 |
| Total, offsetting collections | | -73 | -73 | -81 | -81 | -82 | -84 | -86 |
| | | | | <i>B-11</i> | <i>B-11</i> | <i>B-11</i> | <i>B-11</i> | <i>B-11</i> |
| | | | | <i>J 11</i> | <i>J 11</i> | <i>J 11</i> | <i>J 11</i> | <i>J 12</i> |
| Total Salaries and expenses (net) | BA | 344 | 357 | 386 | 386 | 391 | 400 | 409 |
| | O | 326 | 338 | 372 | 385 | 389 | 398 | 407 |

Departmental Management

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 505 BA | 198 | 244 | 437 | 437 | 442 | 453 | 463 |
| Spending authority from offsetting collections, discretionary | BA | 38 | 32 | 33 | 33 | 33 | 34 | 35 |
| Outlays | O | 210 | 251 | 414 | 468 | 474 | 484 | 496 |
| Salaries and expenses (gross) | BA | 236 | 276 | 470 | 470 | 475 | 487 | 498 |
| | O | 210 | 251 | 414 | 468 | 474 | 484 | 496 |
| Total, offsetting collections | | -38 | -32 | -33 | -33 | -33 | -34 | -35 |
| Total Salaries and expenses (net) | BA | 198 | 244 | 437 | 437 | 442 | 453 | 463 |
| | O | 172 | 219 | 381 | 435 | 441 | 450 | 461 |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 505 BA | 45 | 48 | 51 | 51 | 52 | 53 | 54 |
| Spending authority from offsetting collections, discretionary | BA | 8 | 16 | 17 | 17 | 17 | 18 | 18 |
| Outlays | O | 50 | 63 | 69 | 68 | 68 | 70 | 72 |
| Office of the Inspector General (gross) | BA | 53 | 64 | 68 | 68 | 69 | 71 | 72 |
| | O | 50 | 63 | 69 | 68 | 68 | 70 | 72 |
| Total, offsetting collections | | -8 | -16 | -17 | -17 | -17 | -18 | -18 |
| Total Office of the Inspector General (net) | BA | 45 | 48 | 51 | 51 | 52 | 53 | 54 |
| | O | 42 | 47 | 52 | 51 | 51 | 52 | 54 |
| Veterans employment and training: | | | | | | | | |
| Appropriation, discretionary | 702 BA | | | 22 | 22 | 22 | 23 | 23 |
| Spending authority from offsetting collections, discretionary | BA | 183 | 184 | 188 | 188 | 190 | 195 | 200 |
| Outlays | O | 186 | 183 | 191 | 203 | 212 | 217 | 221 |
| Veterans employment and training (gross) | BA | 183 | 184 | 210 | 210 | 212 | 218 | 223 |
| | O | 186 | 183 | 191 | 203 | 212 | 217 | 221 |
| Change in receivables and unpaid, unfilled orders | BA | 3 | | | | | | |

DEPARTMENT OF LABOR—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Total, offsetting collections | | -186 | -184 | -188 | -188 | -190 | -195 | -200 |
| Total Veterans employment and training (net) | BA | | | 22 | 22 | 22 | 23 | 23 |
| | O | | -1 | 3 | 15 | 22 | 22 | 21 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 505 BA | 119 | 127 | 130 | 130 | 132 | 135 | 138 |
| Outlays | O | 123 | 130 | 137 | 120 | 122 | 125 | 127 |
| Working capital fund (gross) | BA | 119 | 127 | 130 | 130 | 132 | 135 | 138 |
| | O | 123 | 130 | 137 | 120 | 122 | 125 | 127 |
| Total, offsetting collections | | -119 | -127 | -130 | -130 | -132 | -135 | -138 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | 4 | 3 | 7 | -10 | -10 | -10 | -11 |
| Total Federal funds Departmental Management | BA | 243 | 292 | 510 | 510 | 516 | 529 | 540 |
| | O | 218 | 268 | 443 | 491 | 504 | 514 | 525 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 9,642 | 5,758 | 10,819 | 9,305 | 9,409 | 9,658 | 9,886 |
| | O | 6,864 | 7,975 | 9,752 | 7,990 | 8,209 | 8,198 | 8,342 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 602 BA/O | -2 | -1 | | | | | |
| | 908 BA/O | -5 | -6 | -6 | -6 | -6 | -6 | -6 |
| Total Federal funds | BA | 9,635 | 5,751 | 10,813 | 9,299 | 9,403 | 9,652 | 9,880 |
| | O | 6,857 | 7,968 | 9,746 | 7,984 | 8,203 | 8,192 | 8,336 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 26,014 | 26,399 | 30,823 | 33,516 | 36,817 | 38,246 | 39,549 |
| | O | 26,013 | 26,421 | 30,784 | 33,513 | 36,804 | 38,226 | 39,528 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 908 BA/O | -6 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Trust funds | BA | 26,008 | 26,395 | 30,819 | 33,512 | 36,813 | 38,242 | 39,545 |
| | O | 26,007 | 26,417 | 30,780 | 33,509 | 36,800 | 38,222 | 39,524 |
| Interfund transactions | 601 BA/O | | | -1,468 | | | | |
| | 603 BA/O | -403 | -399 | -454 | -474 | -500 | -543 | -574 |
| Total Department of Labor | BA | 35,240 | 31,747 | 39,710 | 42,337 | 45,716 | 47,351 | 48,851 |
| | O | 32,461 | 33,986 | 38,604 | 41,019 | 44,503 | 45,871 | 47,286 |

DEPARTMENT OF STATE
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Administration of Foreign Affairs | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Diplomatic and consular programs: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 2,801 | 2,823 | 3,101 | 3,101 | 3,138 | 3,216 | 3,286 |
| | | | ^ 24 | | | | | |
| Reappropriation, discretionary | BA | 50 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 777 | 831 | 883 | 883 | 894 | 916 | 936 |
| Outlays | O | 2,914 | 4,219 | 4,008 | 4,004 | 4,023 | 4,119 | 4,208 |
| | | | ^ 21 | ^ 2 | ^ 1 | | | |
| Diplomatic and consular programs (gross) | BA | 3,628 | 3,678 | 3,984 | 3,984 | 4,032 | 4,132 | 4,222 |
| | O | 2,914 | 4,240 | 4,010 | 4,005 | 4,023 | 4,119 | 4,208 |

DEPARTMENT OF STATE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|------------------|-----------------|-----------------|-----------------|----------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -777 | -831 | -883 | -883 | -893 | -916 | -936 |
| Total Diplomatic and consular programs (net) | BA | 2,851 | 2,847 | 3,101 | 3,101 | 3,139 | 3,216 | 3,286 |
| | O | 2,137 | 3,409 | 3,127 | 3,122 | 3,130 | 3,203 | 3,272 |
| International information programs: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 464 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 12 | | | | | | |
| Outlays | O | 481 | 79 | 5 | | | | |
| International information programs (gross) | BA | 476 | | | | | | |
| | O | 481 | 79 | 5 | | | | |
| Total, offsetting collections | | -12 | | | | | | |
| Total International information programs (net) | BA | 464 | | | | | | |
| | O | 469 | 79 | 5 | | | | |
| Arms control and disarmament activities: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 42 | | | | | | |
| Outlays | O | 45 | 17 | 5 | | | | |
| Capital investment fund: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 159 | 81 | 97 | 97 | 98 | 101 | 103 |
| Reappropriation, discretionary | BA | 25 | | | | | | |
| Outlays | O | 104 | 144 | 89 | 97 | 98 | 99 | 102 |
| Total Capital investment fund | BA | 184 | 81 | 97 | 97 | 98 | 101 | 103 |
| | O | 104 | 144 | 89 | 97 | 98 | 99 | 102 |
| Technology fund: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 12 | | | | | | |
| Outlays | O | 6 | 6 | | | | | |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 28 | 27 | 30 | 30 | 30 | 31 | 32 |
| Outlays | O | 30 | 28 | 29 | 30 | 31 | 31 | 32 |
| Embassy security, construction, and maintenance: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 1,062 | 739 | 1,079 | 579 | 579 | 579 | 579 |
| | | | ^A 239 | | | | | |
| Advance appropriation, discretionary | BA | | | | 650 | 800 | 950 | 950 |
| Spending authority from offsetting collections, discretionary | BA | 88 | 205 | 114 | 150 | 150 | 150 | 150 |
| Outlays | O | 703 | 906 | 940 | 1,180 | 1,336 | 1,487 | 1,582 |
| | | | ^A 72 | ^A 65 | ^A 55 | ^A 43 | ^A 5 | |
| Embassy security, construction, and maintenance (gross) | BA | 1,150 | 1,183 | 1,193 | 1,379 | 1,529 | 1,679 | 1,679 |
| | O | 703 | 978 | 1,005 | 1,235 | 1,379 | 1,492 | 1,582 |
| Total, offsetting collections | | -88 | -205 | -114 | -150 | -150 | -150 | -150 |
| Total Embassy security, construction, and maintenance (net) | BA | 1,062 | 978 | 1,079 | 1,229 | 1,379 | 1,529 | 1,529 |
| | O | 615 | 773 | 891 | 1,085 | 1,229 | 1,342 | 1,432 |
| Security and maintenance of United States missions (special foreign currency program): | | | | | | | | |
| Outlays | 153 O | | 2 | | | | | |
| Representation allowances: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 4 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 4 | 6 | 6 | 6 | 6 | 7 | 7 |
| Protection of foreign missions and officials: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 8 | 8 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 12 | 8 | 8 | 10 | 10 | 10 | 10 |
| Emergencies in the diplomatic and consular service: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 17 | 6 | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | 11 | 10 | 9 | 11 | 11 | 11 | 11 |
| Buying power maintenance: | | | | | | | | |
| Appropriation, discretionary | 153 BA | -4 | | | | | | |
| USIA buying power maintenance: | | | | | | | | |
| Appropriation, discretionary | 154 BA | -18 | | | | | | |
| Payment to the American Institute in Taiwan: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 15 | 15 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | 8 | 15 | 16 | 16 | 16 | 16 | 16 |
| Payment to the Foreign Service retirement and disability fund: | | | | | | | | |
| Appropriation, mandatory | 153 BA | 216 | 162 | 166 | 168 | 175 | 178 | 181 |
| Outlays | O | 216 | 162 | 166 | 168 | 175 | 178 | 181 |

DEPARTMENT OF STATE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 153 BA | 862 | 1,076 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 |
| Outlays | O | 822 | 1,070 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 |
| Working capital fund (gross) | BA | 862 | 1,076 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 |
| | O | 822 | 1,070 | 1,095 | 1,095 | 1,095 | 1,095 | 1,095 |
| Total, offsetting collections | | -865 | -1,076 | -1,095 | -1,095 | -1,095 | -1,095 | -1,095 |
| Total Working capital fund (net) | BA | -3 | | | | | | |
| | O | -43 | -6 | | | | | |
| Credit Accounts: | | | | | | | | |
| Repatriation loans program account: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Trust funds</i> | | | | | | | | |
| Foreign Service retirement and disability fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 538 | 556 | 576 | 597 | 619 | 642 | 666 |
| Outlays | O | 538 | 556 | 576 | 597 | 619 | 642 | 666 |
| Foreign service national separation liability trust fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 6 | 8 | 8 | 8 | 8 | 8 | 8 |
| USIA foreign service national separation liability trust fund: | | | | | | | | |
| Outlays | 602 O | | 1 | | | | | |
| Miscellaneous trust funds: | | | | | | | | |
| Appropriation, mandatory | 153 BA | 3 | 14 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | | 14 | 3 | 3 | 3 | 3 | 3 |
| Miscellaneous trust funds, information and exchange programs: | | | | | | | | |
| Appropriation, mandatory | 154 BA | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Total Federal funds Administration of Foreign Affairs | BA | 4,879 | 4,131 | 4,517 | 4,669 | 4,865 | 5,100 | 5,178 |
| | O | 3,615 | 4,654 | 4,352 | 4,546 | 4,707 | 4,898 | 5,064 |
| Total Trust funds Administration of Foreign Affairs | BA | 551 | 580 | 589 | 610 | 632 | 656 | 680 |
| | O | 546 | 581 | 589 | 610 | 632 | 656 | 680 |

International Organizations and Conferences

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-------|------------------|-------|-------|-------|-------|-------|
| Contributions to international organizations: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 934 | 880 | 946 | 946 | 957 | 981 | 1,003 |
| Outlays | O | 947 | 882 | 945 | 946 | 957 | 980 | 1,003 |
| Contributions for international peacekeeping activities: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 219 | 498 | 739 | 739 | 748 | 766 | 783 |
| | | | ^A 107 | | | | | |
| Outlays | O | 235 | 493 | 734 | 739 | 748 | 766 | 783 |
| | | | ^A 107 | | | | | |
| Total Contributions for international peacekeeping activities | BA | 219 | 605 | 739 | 739 | 748 | 766 | 783 |
| | O | 235 | 600 | 734 | 739 | 748 | 766 | 783 |
| Arrearage payments: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 475 | 351 | | | | | |
| Outlays | O | | | 582 | 244 | | | |
| Total Federal funds International Organizations and Conferences | BA | 1,628 | 1,836 | 1,685 | 1,685 | 1,705 | 1,747 | 1,786 |
| | O | 1,182 | 1,482 | 2,261 | 1,929 | 1,705 | 1,746 | 1,786 |

International Commissions

International Boundary and Water Commission, United States and Mexico:

Federal funds

General and Special Funds:

| | | | | | | | | |
|------------------------------|--------|----|----|---|---|---|---|---|
| Salaries and expenses, IBWC: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 20 | 19 | 7 | 7 | 7 | 7 | 7 |

DEPARTMENT OF STATE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 3 | | | | | |
| Outlays | O | 22 | 23 | 9 | 7 | 7 | 7 | 7 |
| Salaries and expenses, IBWC (gross) | BA | 22 | 22 | 7 | 7 | 7 | 7 | 7 |
| | O | 22 | 23 | 9 | 7 | 7 | 7 | 7 |
| Total, offsetting collections | | -2 | -3 | | | | | |
| Total Salaries and expenses, IBWC (net) | BA | 20 | 19 | 7 | 7 | 7 | 7 | 7 |
| | O | 20 | 20 | 9 | 7 | 7 | 7 | 7 |
| Construction, IBWC: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 6 | 6 | 27 | 27 | 27 | 28 | 29 |
| Spending authority from offsetting collections, discretionary | BA | 10 | 25 | 101 | 101 | 102 | 105 | 107 |
| Outlays | O | 31 | 31 | 111 | 129 | 137 | 146 | 148 |
| Construction, IBWC (gross) | BA | 16 | 31 | 128 | 128 | 129 | 133 | 136 |
| | O | 31 | 31 | 111 | 129 | 137 | 146 | 148 |
| Total, offsetting collections | | -10 | -25 | -101 | -101 | -102 | -105 | -107 |
| Total Construction, IBWC (net) | BA | 6 | 6 | 27 | 27 | 27 | 28 | 29 |
| | O | 21 | 6 | 10 | 28 | 35 | 41 | 41 |
| Total Federal funds International Boundary and Water Commission, United States and Mexico: | BA | 26 | 25 | 34 | 34 | 34 | 35 | 36 |
| | O | 41 | 26 | 19 | 35 | 42 | 48 | 48 |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| American sections, international commissions: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 6 | 6 | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | 6 | 6 | 8 | 8 | 9 | 10 | 10 |
| International fisheries commissions: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 15 | 15 | 19 | 19 | 19 | 20 | 20 |
| Outlays | O | 14 | 15 | 19 | 19 | 19 | 20 | 20 |
| Total Federal funds International Commissions | BA | 47 | 46 | 62 | 62 | 62 | 64 | 66 |
| | O | 61 | 47 | 46 | 62 | 70 | 78 | 78 |
| Other | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Migration and refugee assistance: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 904 | 621 | 658 | 658 | 666 | 682 | 697 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 658 | 817 | 709 | 660 | 665 | 680 | 695 |
| Migration and refugee assistance (gross) | BA | 906 | 623 | 660 | 660 | 668 | 684 | 699 |
| | O | 658 | 817 | 709 | 660 | 665 | 680 | 695 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Migration and refugee assistance (net) | BA | 904 | 621 | 658 | 658 | 666 | 682 | 697 |
| | O | 656 | 815 | 707 | 658 | 663 | 678 | 693 |
| United States emergency refugee and migration assistance fund: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 195 | 13 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 77 | 104 | 90 | 15 | 19 | 20 | 20 |
| International narcotics control and law enforcement: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 533 | 312 | 312 | 312 | 316 | 324 | 331 |
| Spending authority from offsetting collections, discretionary | BA | 22 | 4 | | | | | |
| Outlays | O | 285 | 386 | 339 | 275 | 314 | 317 | 324 |
| International narcotics control and law enforcement (gross) | BA | 555 | 316 | 312 | 312 | 316 | 324 | 331 |
| | O | 285 | 386 | 339 | 275 | 314 | 317 | 324 |
| Total, offsetting collections | | -22 | -4 | | | | | |
| Total International narcotics control and law enforcement (net) | BA | 533 | 312 | 312 | 312 | 316 | 324 | 331 |
| | O | 263 | 382 | 339 | 275 | 314 | 317 | 324 |

DEPARTMENT OF STATE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|-----------|----------------|------------------|------------------|------------------|-----------------|-----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Assistance to Plan Colombia: | | | | | | | | |
| Appropriation, discretionary | 151 BA | | | 256 | 256 | 259 | 265 | 271 |
| | | | [^] 818 | | | | | |
| Outlays | O | | [^] 249 | 81 | 162 | 208 | 240 | 252 |
| | | | | [^] 303 | [^] 182 | [^] 52 | [^] 14 | [^] 6 |
| Total Assistance to Plan Colombia | BA | | 818 | 256 | 256 | 259 | 265 | 271 |
| | O | | 249 | 384 | 344 | 260 | 254 | 258 |
| Anti-terrorism assistance: | | | | | | | | |
| Outlays | 152 O | | 2 | 2 | | | | |
| Payment to the Asia Foundation: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 8 | 8 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 7 | 8 | 10 | 11 | 11 | 11 | 11 |
| Educational and cultural exchange programs: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 292 | 204 | 225 | 225 | 228 | 233 | 238 |
| | | | [^] 4 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 276 | 247 | 226 | 232 | 237 | 238 | 239 |
| | | | [^] 2 | [^] 2 | | | | |
| Educational and cultural exchange programs (gross) | BA | 296 | 211 | 228 | 228 | 231 | 236 | 241 |
| | O | 276 | 249 | 228 | 232 | 237 | 238 | 239 |
| Total, offsetting collections | | -4 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Educational and cultural exchange programs (net) | BA | 292 | 208 | 225 | 225 | 228 | 233 | 238 |
| | O | 272 | 246 | 225 | 229 | 234 | 235 | 236 |
| National Endowment for Democracy: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 34 | 31 | 32 | 32 | 32 | 33 | 34 |
| Outlays | O | 32 | 33 | 31 | 32 | 32 | 33 | 34 |
| East West Center: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 13 | 12 | 13 | 13 | 13 | 13 | 14 |
| Outlays | O | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| North/South Center: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| International litigation fund: | | | | | | | | |
| Appropriation, mandatory | 153 BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, mandatory | BA | 2 | | | | | | |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| International litigation fund (gross) | BA | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total, offsetting collections | | -2 | | | | | | |
| Total International litigation fund (net) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | -1 | 1 | 1 | 1 | 1 | 1 | 1 |
| International Center, Washington, D.C.: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 153 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | | | | | | |
| International Center, Washington, D.C. (gross) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 3 | | | | | | |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total International Center, Washington, D.C. (net) | BA | 2 | -1 | -1 | -1 | -1 | -1 | -1 |
| | O | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Israeli Arab and Eisenhower exchange fellowship programs: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

DEPARTMENT OF STATE—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Other | BA | 1,981 | 2,026 | 1,529 | 1,529 | 1,547 | 1,584 | 1,620 |
| | O | 1,322 | 1,854 | 1,803 | 1,579 | 1,548 | 1,563 | 1,591 |
| Total Trust funds Other | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 8,535 | 8,039 | 7,793 | 7,945 | 8,179 | 8,495 | 8,650 |
| | O | 6,180 | 8,037 | 8,462 | 8,116 | 8,030 | 8,285 | 8,519 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 153 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| Proprietary receipts from the public | 153 BA/O | -2 | | | | | | |
| Total Federal funds | BA | 8,533 | 8,038 | 7,792 | 7,944 | 8,178 | 8,494 | 8,649 |
| | O | 6,178 | 8,036 | 8,461 | 8,115 | 8,029 | 8,284 | 8,518 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 552 | 581 | 590 | 611 | 633 | 657 | 681 |
| | O | 547 | 582 | 590 | 611 | 633 | 657 | 681 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 602 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| Proprietary receipts from the public | 154 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Trust funds | BA | 552 | 579 | 588 | 609 | 631 | 655 | 679 |
| | O | 547 | 580 | 588 | 609 | 631 | 655 | 679 |
| Interfund transactions | 153 BA/O | -261 | -206 | -210 | -213 | -222 | -226 | -229 |
| | 602 BA/O | -8 | -8 | -8 | -8 | -8 | -8 | -8 |
| Total Department of State | BA | 8,816 | 8,403 | 8,162 | 8,332 | 8,579 | 8,915 | 9,091 |
| | O | 6,456 | 8,402 | 8,831 | 8,503 | 8,430 | 8,705 | 8,960 |

DEPARTMENT OF TRANSPORTATION
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Office of the Secretary | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 67 | 59 | 69 | 69 | 70 | 72 | 73 |
| Spending authority from offsetting collections, discretionary | BA | 3 | 11 | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | 61 | 85 | 79 | 80 | 81 | 82 | 85 |
| Salaries and expenses (gross) | BA | 70 | 70 | 80 | 80 | 81 | 83 | 85 |
| | O | 61 | 85 | 79 | 80 | 81 | 82 | 85 |
| Total, offsetting collections | | -3 | -11 | -11 | -11 | -11 | -11 | -12 |
| Total Salaries and expenses (net) | BA | 67 | 59 | 69 | 69 | 70 | 72 | 73 |
| | O | 58 | 74 | 68 | 69 | 70 | 71 | 73 |
| Office of civil rights: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 7 | 7 | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | 7 | 7 | 9 | 9 | 9 | 9 | 10 |
| Minority business outreach: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 3 | 6 | 3 | 3 | 3 | 3 | 3 |
| Transportation planning, research, and development: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 9 | 3 | 5 | 5 | 5 | 5 | 5 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | | | | | |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 4 | 7 | 6 | 5 | 6 | 6 | 6 |
| Transportation planning, research, and development (gross) | BA | 9 | 4 | 5 | 5 | 5 | 5 | 5 |
| | O | 4 | 7 | 6 | 5 | 6 | 6 | 6 |
| Total, offsetting collections | | | -1 | | | | | |
| Total Transportation planning, research, and development (net) | BA | 9 | 3 | 5 | 5 | 5 | 5 | 5 |
| | O | 4 | 6 | 6 | 5 | 6 | 6 | 6 |
| Essential air service and rural airport improvement fund: | | | | | | | | |
| Appropriation, mandatory | 402 BA | | 5 | 22 | 22 | 22 | 22 | 22 |
| Spending authority from offsetting collections, discretionary | BA | 48 | 45 | 28 | 28 | 28 | 29 | 30 |
| Outlays | O | 42 | 43 | 50 | 50 | 41 | 41 | 43 |
| Essential air service and rural airport improvement fund (gross) | BA | 48 | 50 | 50 | 50 | 50 | 51 | 52 |
| | O | 42 | 43 | 50 | 50 | 41 | 41 | 43 |
| Total, offsetting collections | | -48 | -45 | -28 | -28 | -28 | -29 | -30 |
| Total Essential air service and rural airport improvement fund (net) | BA | | 5 | 22 | 22 | 22 | 22 | 22 |
| | O | -6 | -2 | 22 | 22 | 13 | 12 | 13 |
| Intragovernmental Funds: | | | | | | | | |
| Transportation administrative service center: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 407 BA | 199 | 231 | 206 | 206 | 206 | 206 | 206 |
| Outlays | O | 180 | 231 | 206 | 206 | 206 | 206 | 206 |
| Transportation administrative service center (gross) | BA | 199 | 231 | 206 | 206 | 206 | 206 | 206 |
| | O | 180 | 231 | 206 | 206 | 206 | 206 | 206 |
| Change in receivables and unpaid, unfilled orders | BA | -24 | | | | | | |
| Total, offsetting collections | | -174 | -231 | -206 | -206 | -206 | -206 | -206 |
| Total Transportation administrative service center (net) | BA | 1 | | | | | | |
| | O | 6 | | | | | | |
| Credit Accounts: | | | | | | | | |
| Minority business resource center program account: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | | 2 | 2 | 2 | 2 | 2 | 2 |
| Limitation on direct loan activity | | (14) | (14) | (14) | (14) | (14) | (15) | (15) |
| Limitation of loan guarantee commitments | | | | J(-14) | J(-14) | J(-14) | J(-15) | J(-15) |
| | | | | J(14) | J(14) | J(14) | J(15) | J(15) |
| <i>Trust funds</i> | | | | | | | | |
| Payments to air carriers (trust fund): | | | | | | | | |
| Appropriation, discretionary | 402 BA | -4 | | | | | | |
| Outlays | O | 1 | 1 | | | | | |
| Total Federal funds Office of the Secretary | BA | 89 | 79 | 110 | 110 | 111 | 113 | 115 |
| | O | 72 | 93 | 110 | 110 | 103 | 103 | 107 |
| Total Trust funds Office of the Secretary | BA | -4 | | | | | | |
| | O | 1 | 1 | | | | | |

Coast Guard
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Operating expenses | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | 300 | 300 | 341 | 341 | 345 | 354 | 361 |
| (Outlays) | O | 300 | 300 | 333 | 338 | 344 | 352 | 359 |
| (Water transportation): | | | | | | | | |
| (Appropriation, discretionary) | 403 BA | 2,720 | 2,454 | 2,833 | 2,833 | 2,867 | 2,938 | 3,002 |
| | | | A 18 | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | 106 | 130 | J-116 | J-348 | J-352 | J-361 | J-369 |
| | | | | J116 | J348 | J352 | J361 | J369 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| (Outlays) | O | 2,629 | 2,522 A 18 | 2,923 | 2,934 | 2,995 | 3,058 | 3,124 |
| Operating expenses (gross) | BA O | 3,126 2,929 | 2,902 2,840 | 3,306 3,256 | 3,306 3,272 | 3,346 3,339 | 3,429 3,410 | 3,503 3,483 |
| (Change in receivables and unpaid, unfilled orders) | BA | -41 | | | | | | |
| (Adjustment to receivables and unpaid, unfilled orders) | BA | 52 | | | | | | |
| Total, offsetting collections | | -117 | -130 | -132 J -116 | -132 J -348 | -134 J -352 | -137 J -361 | -139 J -369 |
| Total (Water transportation) (net) | BA O | 2,720 2,512 | 2,472 2,410 | 2,717 2,675 | 2,485 2,454 | 2,515 2,509 | 2,577 2,560 | 2,634 2,616 |
| Total Operating expenses | BA O | 3,020 2,812 | 2,772 2,710 | 3,058 3,008 | 2,826 2,792 | 2,860 2,853 | 2,931 2,912 | 2,995 2,975 |
| Acquisition, construction, and improvements: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 604 | 368 | 490 J -96 | 490 J -288 | 496 J -291 | 508 J -299 | 519 J -305 |
| Spending authority from offsetting collections, discretionary | BA | 28 | 48 | 58 J 96 | 58 J 288 | 59 J 291 | 60 J 299 | 62 J 305 |
| Outlays | O | 421 | 463 | 453 | 517 | 523 | 540 | 560 |
| Acquisition, construction, and improvements (gross) | BA O | 632 421 | 416 463 | 548 453 | 548 517 | 555 523 | 568 540 | 581 560 |
| Change in receivables and unpaid, unfilled orders | BA | 14 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -14 | | | | | | |
| Total, offsetting collections | | -28 | -48 | -58 J -96 | -58 J -288 | -59 J -291 | -60 J -299 | -62 J -305 |
| Total Acquisition, construction, and improvements (net) | BA O | 604 393 | 368 415 | 394 299 | 202 171 | 205 173 | 209 181 | 214 193 |
| Environmental compliance and restoration: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 21 | 17 | 17 | 17 | 17 | 18 | 18 |
| Outlays | O | 23 | 14 | 15 | 15 | 17 | 17 | 17 |
| Alteration of bridges: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 38 | 15 | | | | | |
| Outlays | O | 12 | 43 | 31 | 15 | 2 | | |
| Retired pay: | | | | | | | | |
| Appropriation, mandatory | 403 BA | 684 | 730 | 778 | 825 | 877 | 926 | 978 |
| Outlays | O | 669 | 693 | 761 | 818 | 869 | 919 | 970 |
| Reserve training: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 74 | 72 | 73 | 73 | 74 | 76 | 77 |
| Outlays | O | 73 | 71 | 73 | 73 | 73 | 76 | 77 |
| Research, development, test, and evaluation: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 13 | 15 | 18 | 18 | 18 | 19 | 19 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 20 | 22 | 22 | 27 | 22 | 23 | 23 |
| Research, development, test, and evaluation (gross) | BA O | 17 20 | 19 22 | 22 22 | 22 27 | 22 22 | 23 23 | 23 23 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Research, development, test, and evaluation (net) | BA O | 13 16 | 15 18 | 18 18 | 18 23 | 18 18 | 19 19 | 19 19 |
| Intragovernmental Funds: | | | | | | | | |
| Coast Guard supply fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 403 BA | 62 | 63 | 63 | 63 | 64 | 65 | 67 |
| Outlays | O | 70 | 63 | 63 | 63 | 64 | 65 | 67 |
| Coast Guard supply fund (gross) | BA O | 62 70 | 63 63 | 63 63 | 63 63 | 64 64 | 65 65 | 67 67 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -62 | -63 | -63 | -63 | -64 | -65 | -67 |
| Total Coast Guard supply fund (net) | BA | | | | | | | |
| | O | 8 | | | | | | |
| Coast Guard yard fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 403 BA | 62 | 63 | 67 | 67 | 68 | 69 | 71 |
| Outlays | O | 69 | 63 | 67 | 67 | 68 | 69 | 71 |
| Coast Guard yard fund (gross) | BA | 62 | 63 | 67 | 67 | 68 | 69 | 71 |
| | O | 69 | 63 | 67 | 67 | 68 | 69 | 71 |
| Total, offsetting collections | | -62 | -63 | -67 | -67 | -68 | -69 | -71 |
| Total Coast Guard yard fund (net) | BA | | | | | | | |
| | O | 7 | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Boat safety: | | | | | | | | |
| Appropriation, mandatory | 403 BA | 64 | 64 | 64 | 64 | 64 | 64 | 64 |
| Outlays | O | 57 | 54 | 61 | 64 | 64 | 64 | 64 |
| Oil spill recovery, coast guard: | | | | | | | | |
| Appropriation, mandatory | 304 BA | 66 | 61 | 61 | 61 | 61 | 61 | 61 |
| Outlays | O | 44 | 61 | 61 | 61 | 61 | 61 | 61 |
| Trust fund share of expenses: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 49 | 49 | 49 | 49 | 50 | 51 | 52 |
| Outlays | O | 49 | 49 | 49 | 49 | 50 | 51 | 52 |
| Miscellaneous trust revolving funds: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 403 BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Miscellaneous trust revolving funds (gross) | BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| | O | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Total, offsetting collections | | -7 | -7 | -7 | -7 | -7 | -7 | -7 |
| Total Miscellaneous trust revolving funds (net) | BA | | | | | | | |
| | O | | | | | | | |
| Total Federal funds Coast Guard | BA | 4,454 | 3,989 | 4,338 | 3,961 | 4,051 | 4,179 | 4,301 |
| | O | 4,013 | 3,964 | 4,205 | 3,907 | 4,005 | 4,124 | 4,251 |
| Total Trust funds Coast Guard | BA | 179 | 174 | 174 | 174 | 175 | 176 | 177 |
| | O | 150 | 164 | 171 | 174 | 175 | 176 | 177 |

Federal Aviation Administration

Federal funds

General and Special Funds:

Operations:

| | | | | | | | | |
|---|--------|--------|-----|--|--|--|--|--|
| Appropriation, discretionary | 402 BA | 1,473 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 4,180 | | | | | | |
| Outlays | O | 5,635 | 659 | | | | | |
| Operations (gross) | BA | 5,653 | | | | | | |
| | O | 5,635 | 659 | | | | | |
| Total, offsetting collections | | -4,180 | | | | | | |
| Total Operations (net) | BA | 1,473 | | | | | | |
| | O | 1,455 | 659 | | | | | |

Public Enterprise Funds:

Aviation insurance revolving fund:

| | | | | | | | | |
|---|--------|---|---|---|---|---|---|---|
| Spending authority from offsetting collections, discretionary | 402 BA | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Aviation insurance revolving fund (gross) | BA | 4 | 3 | 3 | 3 | 3 | 3 | 3 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|----------------|----------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -4 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Aviation insurance revolving fund (net) | BA O | -4 | -3 | -3 | -3 | -3 | -3 | -3 |
| Intragovernmental Funds: | | | | | | | | |
| Administrative services franchise fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 402 BA | 18 | 33 | 220 | 220 | 222 | 228 | 233 |
| Outlays | O | 19 | 38 | 184 | 211 | 218 | 227 | 232 |
| Administrative services franchise fund (gross) | BA O | 18 19 | 33 38 | 220 184 | 220 211 | 222 218 | 228 227 | 233 232 |
| Total, offsetting collections | | -18 | -33 | -220 | -220 | -223 | -228 | -233 |
| Total Administrative services franchise fund (net) | BA O | 1 1 | 5 5 | -36 -36 | -9 -9 | -5 -5 | -1 -1 | -1 -1 |
| <i>Trust funds</i> | | | | | | | | |
| Grants-in-aid for airports (Airport and airway trust fund): | | | | | | | | |
| Contract authority, mandatory | 402 BA | 2,322 | 1,896 | 1,950 | 1,999 | 2,050 | 2,103 | 2,158 |
| Outlays | O | 1,565 | 1,894 [^] 2 | 1,925 [^] 26 | 1,955 [^] 13 | 1,999 [^] 6 | 2,052 [^] 3 | 2,098 [^] 3 |
| Limitation on program level (obligations) | | (1,950) | (1,896) [^] (-50) | (1,950) | (1,999) | (2,050) | (2,104) | (2,160) |
| Total Grants-in-aid for airports (Airport and airway trust fund) | BA O | 2,322 1,565 | 1,896 1,896 | 1,950 1,899 | 1,999 1,942 | 2,050 1,993 | 2,103 2,049 | 2,158 2,095 |
| Facilities and equipment (Airport and airway trust fund): | | | | | | | | |
| Appropriation, discretionary | 402 BA | 2,121 | 2,045 | 2,495 | 1,907 | 2,019 | 2,122 | 2,244 |
| Advance appropriation, discretionary | BA | | | | 638 | 590 | 565 | 537 |
| Spending authority from offsetting collections, discretionary | BA | 27 | 77 | 77 | 77 | 78 | 80 | 82 |
| Outlays | O | 2,222 | 1,882 | 2,053 | 2,392 | 2,510 | 2,683 | 2,761 |
| Facilities and equipment (Airport and airway trust fund) (gross) | BA O | 2,148 2,222 | 2,122 1,882 | 2,572 2,053 | 2,622 2,392 | 2,687 2,510 | 2,767 2,683 | 2,863 2,761 |
| Total, offsetting collections | | -27 | -77 | -77 | -77 | -79 | -81 | -83 |
| Total Facilities and equipment (Airport and airway trust fund) (net) | BA O | 2,121 2,195 | 2,045 1,805 | 2,495 1,976 | 2,545 2,315 | 2,608 2,431 | 2,686 2,602 | 2,780 2,678 |
| Research, engineering and development (Airport and airway trust fund): | | | | | | | | |
| Appropriation, discretionary | 402 BA | 150 | 156 | 184 | 188 | 193 | 199 | 205 |
| Spending authority from offsetting collections, discretionary | BA | 5 | 16 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | 179 | 210 | 215 | 227 | 207 | 213 | 219 |
| Research, engineering and development (Airport and airway trust fund) (gross) | BA O | 155 179 | 172 210 | 200 215 | 204 227 | 209 207 | 216 213 | 222 219 |
| Total, offsetting collections | | -5 | -16 | -16 | -16 | -16 | -17 | -17 |
| Total Research, engineering and development (Airport and airway trust fund) (net) .. | BA O | 150 174 | 156 194 | 184 199 | 188 211 | 193 191 | 199 196 | 205 202 |
| Trust fund share of FAA operations: | | | | | | | | |
| Appropriation, discretionary | 402 BA | 4,112 | 5,893 | 6,592 | 6,843 | 7,188 | 7,641 | 8,218 |
| Spending authority from offsetting collections, discretionary | BA | | 72 | 74 | 74 | 75 | 77 | 78 |
| Outlays | O | 4,122 | 5,266 [^] 2 | 6,596 [^] 2 | 6,887 | 7,222 | 7,664 | 8,228 |
| Trust fund share of FAA operations (gross) | BA O | 4,112 4,122 | 5,965 5,264 | 6,666 6,598 | 6,917 6,887 | 7,263 7,222 | 7,718 7,664 | 8,296 8,228 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | | -72 | -74 | -74 | -76 | -78 | -79 |
| Total Trust fund share of FAA operations (net) | BA | 4,112 | 5,893 | 6,592 | 6,843 | 7,187 | 7,640 | 8,217 |
| | O | 4,122 | 5,192 | 6,524 | 6,813 | 7,146 | 7,586 | 8,149 |
| Total Federal funds Federal Aviation Administration | BA | 1,473 | | | | -1 | | |
| | O | 1,452 | 661 | -39 | -12 | -8 | -4 | -4 |
| Total Trust funds Federal Aviation Administration | BA | 8,705 | 9,990 | 11,221 | 11,575 | 12,038 | 12,628 | 13,360 |
| | O | 8,056 | 9,087 | 10,598 | 11,281 | 11,761 | 12,433 | 13,124 |

Federal Highway Administration

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|------------|----------|----|----|----|----|----|
| Miscellaneous appropriations: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 200 | | | | | | |
| Outlays | O | 65 | 132 | 99 | 83 | 74 | 54 | 28 |
| Appalachian development highway system: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 132 | | | | | | |
| Outlays | O | 73 | 118 | 76 | 37 | 23 | 13 | 10 |
| State infrastructure banks: | | | | | | | | |
| Appropriation, discretionary | 401 BA | -7 | | | | | | |
| Outlays | O | 29 | 15 | 12 | 9 | 7 | 4 | 2 |
| Ellsworth Housing Settlement: | | | | | | | | |
| Appropriation, discretionary | 401 BA | | 3 | | | | | |
| Outlays | O | | 1 | 2 | | | | |

Trust funds

| | | | | | | | | |
|---|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Federal-aid highways: | | | | | | | | |
| Contract authority, mandatory | 401 BA | 29,307 | 31,605 | 34,054 | 31,235 | 31,251 | 31,861 | 32,484 |
| Spending authority from offsetting collections, discretionary | BA | 70 | 92 | 92 | 92 | 93 | 95 | 98 |
| Outlays | O | 22,812 | 25,486 | 27,719 | 28,472 | 27,965 | 27,827 | 27,884 |
| Limitation on program level (obligations) | | (25,511) | (27,520) | (29,319) | (27,096) | (27,145) | (27,145) | (27,145) |
| Limitation on direct loan obligations | | (1,000) | (1,080) | (1,320) | (1,440) | (1,560) | (1,560) | (1,560) |
| Limitation on program level (obligations) | | (600) | (720) | (880) | (960) | (1,040) | (1,040) | (1,040) |
| Federal-aid highways (gross) | BA | 29,377 | 31,697 | 34,146 | 31,327 | 31,344 | 31,956 | 32,582 |
| | O | 22,812 | 25,486 | 27,719 | 28,472 | 27,965 | 27,827 | 27,884 |
| Total, offsetting collections | | -70 | -92 | -92 | -92 | -93 | -95 | -98 |
| Total Federal-aid highways (net) | BA | 29,307 | 31,605 | 34,054 | 31,235 | 31,251 | 31,861 | 32,484 |
| | O | 22,742 | 25,394 | 27,627 | 28,380 | 27,872 | 27,732 | 27,786 |
| Highway-related safety grants: | | | | | | | | |
| Outlays | 401 O | 1 | 1 | | | | | |
| Miscellaneous trust funds | | | | | | | | |
| (Ground transportation): | | | | | | | | |
| (Appropriation, mandatory) | 401 BA | 50 | 21 | 21 | 21 | 21 | 21 | 21 |
| (Outlays) | O | 26 | 21 | 21 | 21 | 21 | 21 | 21 |
| Total Miscellaneous trust funds | BA | 50 | 21 | 21 | 21 | 21 | 21 | 21 |
| | O | 26 | 21 | 21 | 21 | 21 | 21 | 21 |
| Miscellaneous highway trust funds: | | | | | | | | |
| Outlays | 401 O | 40 | 52 | 34 | 27 | 19 | 8 | 3 |
| Right-of-way revolving fund liquidating account: | | | | | | | | |
| Outlays | 401 O | 20 | 3 | 3 | | | | |
| Right-of-way revolving fund liquidating account (gross) | O | 20 | 3 | 3 | | | | |
| Total, offsetting collections | | -24 | -24 | -24 | -24 | -24 | -24 | -24 |
| Total Right-of-way revolving fund liquidating account (net) | BA | -24 | -24 | -24 | -24 | -24 | -24 | -24 |
| | O | -4 | -21 | -21 | -24 | -24 | -24 | -24 |
| Total Federal funds Federal Highway Administration | BA | 325 | 3 | | | | | |
| | O | 167 | 266 | 189 | 129 | 104 | 71 | 40 |
| Total Trust funds Federal Highway Administration | BA | 29,333 | 31,602 | 34,051 | 31,232 | 31,248 | 31,858 | 32,481 |
| | O | 22,805 | 25,447 | 27,661 | 28,404 | 27,888 | 27,737 | 27,786 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Federal Motor Carrier Safety Administration | | | | | | | |
| <i>Trust funds</i> | | | | | | | |
| Motor carrier safety: | | | | | | | |
| Contract authority, mandatory | 401 BA | 76 | 92 | 94 | 94 | 96 | 98 |
| Outlays | O | 68 | 91 | 94 | 94 | 95 | 98 |
| Limitation on program level (obligations) | | (76) | (92) | (94) | (94) | (96) | (98) |
| National motor carrier safety program: | | | | | | | |
| Contract authority, mandatory | 401 BA | 100 | 105 | 187 | 182 | 190 | 198 |
| Outlays | O | 87 | 109 | 128 | 186 | 184 | 195 |
| Limitation on program level (obligations) | | (100) | (105) | (187) | (182) | (190) | (198) |
| Total Trust funds Federal Motor Carrier Safety Administration | BA | 100 | 181 | 279 | 276 | 284 | 296 |
| | O | 87 | 177 | 219 | 280 | 278 | 293 |

National Highway Traffic Safety Administration

Federal funds

General and Special Funds:

Operations and research:

| | | | | | | | |
|---|--------|----|-----|----|----|---|--|
| Appropriation, discretionary | 401 BA | 1 | 86 | | | | |
| Spending authority from offsetting collections, discretionary | BA | | 13 | | | | |
| Outlays | O | 66 | 101 | 39 | 13 | 6 | |
| Operations and research (gross) | BA | 1 | 99 | | | | |
| | O | 66 | 101 | 39 | 13 | 6 | |
| Total, offsetting collections | | | -13 | | | | |
| Total Operations and research (net) | BA | 1 | 86 | | | | |
| | O | 66 | 88 | 39 | 13 | 6 | |

Trust funds

| | | | | | | | |
|--|--------|-------|-------|-------|-------|-------|-------|
| Operations and research (Highway trust fund): | | | | | | | |
| Appropriation, discretionary | 401 BA | 89 | 2 | 144 | 144 | 146 | 153 |
| Contract authority, mandatory | BA | 72 | 72 | 142 | 72 | 72 | 75 |
| Spending authority from offsetting collections, discretionary | BA | 32 | 12 | 14 | 14 | 14 | 15 |
| Outlays | O | 107 | 102 | 219 | 225 | 231 | 241 |
| Limitation on program level (obligations) | | (71) | (72) | (142) | (72) | (72) | (75) |
| Operations and research (Highway trust fund) (gross) | BA | 193 | 86 | 300 | 230 | 232 | 243 |
| | O | 107 | 102 | 219 | 225 | 231 | 241 |
| Change in receivables and unpaid, unfilled orders | BA | -19 | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 19 | | | | | |
| Total, offsetting collections | | -32 | -12 | -14 | -14 | -14 | -15 |
| Total Operations and research (Highway trust fund) (net) | BA | 161 | 74 | 286 | 216 | 218 | 228 |
| | O | 75 | 90 | 205 | 211 | 217 | 226 |
| Highway traffic safety grants: | | | | | | | |
| Contract authority, mandatory | 401 BA | 200 | 207 | 214 | 223 | 225 | 234 |
| Outlays | O | 190 | 210 | 217 | 219 | 221 | 230 |
| Limitation on program level (obligations) | | (200) | (207) | (213) | (223) | (225) | (234) |
| Total Federal funds National Highway Traffic Safety Administration | BA | 1 | 86 | | | | |
| | O | 66 | 88 | 39 | 13 | 6 | |
| Total Trust funds National Highway Traffic Safety Administration | BA | 361 | 281 | 500 | 439 | 443 | 462 |
| | O | 265 | 300 | 422 | 430 | 438 | 456 |

Federal Railroad Administration

Federal funds

General and Special Funds:

Safety and operations:

| | | | | | | | | |
|---|--------|----|----|------|------|------|------|------|
| Appropriation, discretionary | 401 BA | 82 | 94 | 103 | 103 | 104 | 107 | 109 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| | | | | J 77 | J 77 | J 78 | J 80 | J 82 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 80 | 110 | 104 | 105 | 106 | 108 | 111 |
| Safety and operations (gross) | BA | 83 | 96 | 105 | 105 | 106 | 109 | 111 |
| | O | 80 | 110 | 104 | 105 | 106 | 108 | 111 |
| Total, offsetting collections | | -1 | -2 | -2 | -2 | -2 | -2 | -2 |
| | | | | J-77 | J-77 | J-78 | J-80 | J-82 |
| Total Safety and operations (net) | BA | 82 | 94 | 26 | 26 | 26 | 27 | 27 |
| | O | 79 | 108 | 25 | 26 | 26 | 26 | 27 |
| AMTRAK reform council: | | | | | | | | |
| Appropriation, discretionary | 407 BA | | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | 1 | 1 | 1 | 1 | 1 | 1 |
| Emergency railroad rehabilitation and repair: | | | | | | | | |
| Outlays | 401 O | 6 | 8 | | | | | |
| Local rail freight assistance: | | | | | | | | |
| Outlays | 401 O | 3 | 3 | | | | | |
| Railroad research and development: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 22 | 22 | 27 | 27 | 27 | 28 | 29 |
| | | | | J-26 | J-26 | J-26 | J-27 | J-28 |
| Spending authority from offsetting collections, discretionary | BA | | | J-26 | J-26 | J-26 | J-27 | J-28 |
| Outlays | O | 22 | 38 | 30 | 24 | 26 | 28 | 28 |
| Railroad research and development (gross) | BA | 22 | 22 | 27 | 27 | 27 | 28 | 29 |
| | O | 22 | 38 | 30 | 24 | 26 | 28 | 28 |
| Total, offsetting collections | | | | J-26 | J-26 | J-26 | J-27 | J-28 |
| Total Railroad research and development (net) | BA | 22 | 22 | 1 | 1 | 1 | 1 | 1 |
| | O | 22 | 38 | 4 | -2 | | 1 | |
| Conrail commuter transition assistance: | | | | | | | | |
| Outlays | 401 O | 5 | 6 | | | | | |
| Northeast corridor improvement program: | | | | | | | | |
| Outlays | 401 O | 26 | 19 | | | | | |
| Rhode island rail development: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 5 | 10 | 17 | 17 | 17 | 18 | 18 |
| Outlays | O | 3 | 24 | 8 | 15 | 17 | 18 | 18 |
| Pennsylvania station redevelopment project: | | | | | | | | |
| Appropriation, discretionary | 401 BA | | | 20 | | | | |
| Advance appropriation, discretionary | BA | | | 20 | 20 | | | |
| Outlays | O | | | 2 | 10 | 16 | 16 | 10 |
| Total Pennsylvania station redevelopment project | BA | | | 20 | 20 | 20 | | |
| | O | | | 2 | 10 | 16 | 16 | 10 |
| Alaska railroad rehabilitation: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 38 | 15 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 5 | | | | | | |
| Outlays | O | 16 | 42 | 9 | | | | |
| Alaska railroad rehabilitation (gross) | BA | 43 | 15 | | | | | |
| | O | 16 | 42 | 9 | | | | |
| Total, offsetting collections | | -5 | | | | | | |
| Total Alaska railroad rehabilitation (net) | BA | 38 | 15 | | | | | |
| | O | 11 | 42 | 9 | | | | |
| Capital grants to the National Railroad Passenger Corporation: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 609 | 571 | 521 | 521 | 527 | 540 | 552 |
| Outlays | O | 243 | 597 | 551 | 521 | 524 | 532 | 545 |
| Next generation high-speed rail: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 20 | 27 | 22 | 22 | 22 | 23 | 23 |
| Outlays | O | 18 | 24 | 21 | 24 | 17 | 23 | 22 |
| Public Enterprise Funds: | | | | | | | | |
| Railroad rehabilitation and improvement liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 401 BA | 3 | 3 | 2 | 2 | 2 | 2 | 1 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 3 | 3 | 2 | 2 | 2 | 2 | 1 |
| Railroad rehabilitation and improvement liquidating account (gross) | BA | 3 | 3 | 2 | 2 | 2 | 2 | 1 |
| | O | 3 | 3 | 2 | 2 | 2 | 2 | 1 |
| Total, offsetting collections | | -7 | -8 | -6 | -6 | -6 | -6 | -6 |
| Total Railroad rehabilitation and improvement liquidating account (net) | BA | -4 | -5 | -4 | -4 | -4 | -4 | -5 |
| | O | -4 | -5 | -4 | -4 | -4 | -4 | -5 |
| Credit Accounts: | | | | | | | | |
| Alameda Corridor direct loan financing program: | | | | | | | | |
| Outlays | 401 O | 18 | | | | | | |
| Limitation on direct loan obligations | | (400) | | | | | | |
| Amtrak corridor improvement loans liquidating account: | | | | | | | | |
| Total, offsetting collections | 401 | -1 | -1 | -1 | -1 | -1 | -1 | |
| <i>Trust funds</i> | | | | | | | | |
| Expanded intercity rail passenger service fund: | | | | | | | | |
| Contract authority, mandatory | 401 BA | | | 468 | | | | |
| Outlays | O | | | 47 | 164 | 375 | 425 | 478 |
| Limitation on program level (obligations) | | | | (468) | (468) | (474) | (485) | (496) |
| Trust fund share of next generation high-speed rail: | | | | | | | | |
| Outlays | 401 O | 2 | 5 | | | | | |
| Total Federal funds Federal Railroad Administration | BA | 771 | 734 | 603 | 603 | 609 | 605 | 617 |
| | O | 429 | 864 | 616 | 590 | 596 | 612 | 618 |
| Total Trust funds Federal Railroad Administration | BA | | | 468 | | | | |
| | O | 2 | 5 | 47 | 164 | 375 | 425 | 478 |

Federal Transit Administration

Federal funds

General and Special Funds:

Administrative expenses:

| | | | | | | | | |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 401 BA | -1 | | | | | | |
| Appropriation, mandatory | BA | 11 | 12 | 13 | 13 | 15 | 15 | 15 |
| Spending authority from offsetting collections, discretionary | BA | 44 | 50 | 53 | 56 | 60 | 62 | 63 |
| Outlays | O | 52 | 60 | 66 | 68 | 75 | 78 | 79 |
| Limitation on program level (obligations) | | (11) | (12) | (13) | (13) | (15) | (15) | (15) |
| Administrative expenses (gross) | BA | 54 | 62 | 66 | 69 | 75 | 77 | 78 |
| | O | 52 | 60 | 66 | 68 | 75 | 78 | 79 |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -44 | -50 | -53 | -56 | -60 | -62 | -63 |
| Total Administrative expenses (net) | BA | 10 | 12 | 13 | 13 | 15 | 15 | 15 |
| | O | 8 | 10 | 13 | 12 | 15 | 16 | 16 |

Research, training, and human resources:

| | | | | | | | | |
|---|--------|-----------|---|---|---|--|--|--|
| Outlays | 401 O | | 2 | 1 | 1 | | | |
| Interstate transfer grants-transit: | | | | | | | | |
| Appropriation, discretionary | 401 BA | -1 | | | | | | |
| Outlays | O | 19 | 7 | 3 | | | | |
| Interstate transfer grants-transit (gross) | BA | -1 | | | | | | |
| | O | 19 | 7 | 3 | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 8 | | | | | | |
| Total, offsetting collections | | -8 | | | | | | |
| Total Interstate transfer grants-transit (net) | BA | -1 | | | | | | |
| | O | 11 | 7 | 3 | | | | |
| Washington metropolitan area transit authority: | | | | | | | | |
| Appropriation, mandatory | 401 BA | 50 | | | | | | |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Outlays | O | 167 | 134 | 94 | 69 | 25 | 10 | 10 |
| Washington metropolitan area transit authority (gross) | BA | 50 | | | | | | |
| | O | 167 | 134 | 94 | 69 | 25 | 10 | 10 |
| Adjustment to receivables and unpaid, unfilled orders | BA | 5 | | | | | | |
| Total, offsetting collections | | -5 | | | | | | |
| Total Washington metropolitan area transit authority (net) | BA | 50 | | | | | | |
| | O | 162 | 134 | 94 | 69 | 25 | 10 | 10 |
| Formula grants: | | | | | | | | |
| Appropriation, mandatory | 401 BA | 519 | 570 | 669 | 718 | 767 | 782 | 798 |
| Spending authority from offsetting collections, discretionary | BA | 2,280 | 2,478 | 2,676 | 2,875 | 3,073 | 3,133 | 3,196 |
| Outlays | O | 2,174 | 2,356 | 2,249 | 2,795 | 3,107 | 3,563 | 3,741 |
| Limitation on program level (obligations) | | (519) | (570) | (669) | (718) | (767) | (784) | (799) |
| Formula grants (gross) | BA | 2,799 | 3,048 | 3,345 | 3,593 | 3,840 | 3,915 | 3,994 |
| | O | 2,174 | 2,356 | 2,249 | 2,795 | 3,107 | 3,563 | 3,741 |
| Total, offsetting collections | | -2,280 | -2,478 | -2,676 | -2,874 | -3,071 | -3,133 | -3,195 |
| Total Formula grants (net) | BA | 519 | 570 | 669 | 719 | 769 | 782 | 799 |
| | O | -106 | -122 | -427 | -79 | 36 | 430 | 546 |
| University transportation research: | | | | | | | | |
| Appropriation, mandatory | 401 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, discretionary | BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 5 | 7 | 7 | 8 | 5 | 6 | 6 |
| Limitation on program level (obligations) | | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| University transportation research (gross) | BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| | O | 5 | 7 | 7 | 8 | 5 | 6 | 6 |
| Total, offsetting collections | | -5 | -5 | -5 | -5 | -5 | -5 | -5 |
| Total University transportation research (net) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | | 2 | 2 | 3 | | 1 | 1 |
| Transit planning and research: | | | | | | | | |
| Appropriation, mandatory | 401 BA | 20 | 21 | 22 | 23 | 24 | 24 | 25 |
| Spending authority from offsetting collections, discretionary | BA | 84 | 98 | 100 | 106 | 110 | 113 | 115 |
| Outlays | O | 88 | 94 | 120 | 150 | 127 | 133 | 136 |
| Limitation on program level (obligations) | | (20) | (21) | (22) | (23) | (24) | (24) | (25) |
| Transit planning and research (gross) | BA | 104 | 119 | 122 | 129 | 134 | 137 | 140 |
| | O | 88 | 94 | 120 | 150 | 127 | 133 | 136 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -3 | | | | | | |
| Total, offsetting collections | | -82 | -98 | -100 | -105 | -109 | -112 | -114 |
| Total Transit planning and research (net) | BA | 20 | 21 | 22 | 24 | 25 | 25 | 26 |
| | O | 6 | -4 | 20 | 45 | 18 | 21 | 22 |
| Job Access and Reverse Commute Grants: | | | | | | | | |
| Appropriation, discretionary | 401 BA | 25 | | | | | | |
| Appropriation, mandatory | BA | 10 | 15 | 20 | 25 | 30 | 31 | 31 |
| Spending authority from offsetting collections, discretionary | BA | 40 | 60 | 130 | 100 | 120 | 122 | 125 |
| Outlays | O | | 20 | 46 | 75 | 108 | 125 | 142 |
| Limitation on program level (obligations) | | (10) | (15) | (20) | (25) | (30) | (31) | (31) |
| Job Access and Reverse Commute Grants (gross) | BA | 75 | 75 | 150 | 125 | 150 | 153 | 156 |
| | O | | 20 | 46 | 75 | 108 | 125 | 142 |
| Total, offsetting collections | | -40 | -60 | -130 | -100 | -120 | -122 | -125 |
| Total Job Access and Reverse Commute Grants (net) | BA | 35 | 15 | 20 | 25 | 30 | 31 | 31 |
| | O | -40 | -40 | -84 | -25 | -12 | 3 | 17 |
| Capital Investment Grants: | | | | | | | | |
| Appropriation, mandatory | 401 BA | 501 | 540 | 529 | 568 | 607 | 619 | 632 |
| Spending authority from offsetting collections, discretionary | BA | 1,806 | 1,949 | 2,117 | 2,293 | 2,449 | 2,498 | 2,548 |
| Outlays | O | 249 | 579 | 1,149 | 1,708 | 2,217 | 2,617 | 2,877 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Limitation on program level (obligations) | | (501) | (540) | (529) | (568) | (607) | (619) | (632) |
| Capital Investment Grants (gross) | BA | 2,307 | 2,489 | 2,646 | 2,861 | 3,056 | 3,117 | 3,180 |
| | O | 249 | 579 | 1,149 | 1,708 | 2,217 | 2,617 | 2,877 |
| Total, offsetting collections | | -1,806 | -1,949 | -2,117 | -2,273 | -2,429 | -2,477 | -2,527 |
| Total Capital Investment Grants (net) | BA | 501 | 540 | 529 | 588 | 627 | 640 | 653 |
| | O | -1,557 | -1,370 | -968 | -565 | -212 | 140 | 350 |
| Miscellaneous expired accounts: | | | | | | | | |
| Appropriation, discretionary | 401 BA | | -4 | | | | | |
| | <i>Trust funds</i> | | | | | | | |
| Discretionary grants (Highway trust fund, Mass transit account): | | | | | | | | |
| Contract authority, discretionary | 401 BA | -392 | | | | | | |
| Outlays | O | 1,524 | 1,314 | 932 | 578 | 287 | 100 | |
| Trust fund share of expenses: | | | | | | | | |
| Appropriation, discretionary | 401 BA | | 6 | | | | | |
| Contract authority, discretionary | BA | -1 | | | | | | |
| Contract authority, mandatory | BA | 4,252 | 4,638 | 5,089 | 5,398 | 5,781 | 5,897 | 6,015 |
| Outlays | O | 4,252 | 4,626 | 5,067 | 5,448 | 5,832 | 5,949 | 6,068 |
| Limitation on program level (obligations) | | (4,252) | (4,620) | (5,067) | (5,448) | (5,832) | (5,949) | (6,068) |
| Total Trust fund share of expenses | BA | 4,251 | 4,644 | 5,089 | 5,398 | 5,781 | 5,897 | 6,015 |
| | O | 4,252 | 4,626 | 5,067 | 5,448 | 5,832 | 5,949 | 6,068 |
| Total Federal funds Federal Transit Administration | BA | 1,135 | 1,155 | 1,254 | 1,370 | 1,467 | 1,494 | 1,525 |
| | O | -1,516 | -1,381 | -1,346 | -539 | -130 | 621 | 962 |
| Total Trust funds Federal Transit Administration | BA | 3,859 | 4,644 | 5,089 | 5,398 | 5,781 | 5,897 | 6,015 |
| | O | 5,776 | 5,940 | 5,999 | 6,026 | 6,119 | 6,049 | 6,068 |

Saint Lawrence Seaway Development Corporation

Federal funds

General and Special Funds:

Operations and maintenance (Harbor services fee collections):

| | | | | | | | | |
|--------------------------------|--------|--|--|-------------|-------------|-------------|-------------|-------------|
| Appropriation, mandatory | 403 BA | | | <i>B</i> 13 | <i>B</i> 13 | <i>B</i> 14 | <i>B</i> 15 | <i>B</i> 15 |
| Outlays | O | | | <i>B</i> 13 | <i>B</i> 13 | <i>B</i> 14 | <i>B</i> 15 | <i>B</i> 15 |

Public Enterprise Funds:

Saint Lawrence Seaway Development Corporation:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory | 403 BA | 13 | 13 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 13 | 13 | 14 | 14 | 14 | 15 | 15 |

| | | | | | | | | |
|---|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Saint Lawrence Seaway Development Corporation (gross) | BA | 13 | 13 | 14 | 14 | 14 | 15 | 15 |
| | O | 13 | 13 | 14 | 14 | 14 | 15 | 15 |

| | | | | | | | | |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections | | -13 | -13 | -14 | -14 | -14 | -15 | -15 |
|-------------------------------------|--|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | |
|---|----|--|--|--|--|--|--|--|
| Total Saint Lawrence Seaway Development Corporation (net) | BA | | | | | | | |
| | O | | | | | | | |

Trust funds

Operations and maintenance:

| | | | | | | | | |
|------------------------------------|--------|----|----|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 403 BA | 11 | 12 | 13 | 13 | 13 | 13 | 14 |
| | | | | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -14 |

| | | | | | | | | |
|---------------|---|----|----|--------------|--------------|--------------|--------------|--------------|
| Outlays | O | 11 | 12 | 13 | 13 | 13 | 13 | 14 |
| | | | | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -13 | <i>J</i> -14 |

| | | | | | | | | |
|--|----|-----------|-----------|--|--|--|--|--|
| Total Operations and maintenance | BA | 11 | 12 | | | | | |
| | O | 11 | 12 | | | | | |

| | | | | | | | | |
|---|----|--|--|-----------|-----------|-----------|-----------|-----------|
| Total Federal funds Saint Lawrence Seaway Development Corporation | BA | | | 13 | 13 | 14 | 15 | 15 |
| | O | | | 13 | 13 | 14 | 15 | 15 |

| | | | | | | | | |
|---|----|-----------|-----------|--|--|--|--|--|
| Total Trust funds Saint Lawrence Seaway Development Corporation | BA | 11 | 12 | | | | | |
| | O | 11 | 12 | | | | | |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|----------|------|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Research and Special Programs Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Research and special programs: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 31 | 32 | 43 | 43 | 44 | 45 | 46 |
| Spending authority from offsetting collections, discretionary | BA | 43 | 76 | 76 | 76 | 77 | 79 | 81 |
| Outlays | O | 58 | 107 | 115 | 119 | 131 | 134 | 137 |
| Research and special programs (gross) | BA | 74 | 108 | 133 | 133 | 135 | 139 | 142 |
| | O | 58 | 107 | 115 | 119 | 131 | 134 | 137 |
| Change in receivables and unpaid, unfilled orders | BA | -18 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 4 | | | | | | |
| Total, offsetting collections | | -29 | -76 | -76 | -76 | -77 | -79 | -81 |
| | | | | 19 | 19 | 19 | 20 | 20 |
| Total Research and special programs (net) | BA | 31 | 32 | 38 | 38 | 39 | 40 | 41 |
| | O | 29 | 31 | 20 | 24 | 35 | 35 | 36 |
| Pipeline safety: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 30 | 31 | 43 | 43 | 43 | 45 | 45 |
| Spending authority from offsetting collections, discretionary | BA | 5 | 11 | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | 34 | 40 | 45 | 50 | 51 | 54 | 56 |
| Pipeline safety (gross) | BA | 35 | 42 | 52 | 52 | 52 | 54 | 55 |
| | O | 34 | 40 | 45 | 50 | 51 | 54 | 56 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -2 | | | | | | |
| Total, offsetting collections | | -4 | -11 | -9 | -9 | -9 | -9 | -10 |
| Total Pipeline safety (net) | BA | 30 | 31 | 43 | 43 | 43 | 45 | 45 |
| | O | 30 | 29 | 36 | 41 | 42 | 45 | 46 |
| Emergency preparedness grants: | | | | | | | | |
| Appropriation, mandatory | 407 BA | 8 | 14 | 14 | 14 | 14 | 14 | 14 |
| Outlays | O | 7 | 10 | 12 | 15 | 15 | 14 | 14 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund, Volpe National Transportation Systems Center: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 407 BA | 194 | 202 | 205 | 205 | 207 | 213 | 217 |
| Outlays | O | 183 | 202 | 205 | 206 | 206 | 212 | 217 |
| Working capital fund, Volpe National Transportation Systems Center (gross) | BA | 194 | 202 | 205 | 205 | 207 | 213 | 217 |
| | O | 183 | 202 | 205 | 206 | 206 | 212 | 217 |
| Change in receivables and unpaid, unfilled orders | BA | -12 | | | | | | |
| Total, offsetting collections | | -182 | -202 | -205 | -205 | -207 | -213 | -217 |
| Total Working capital fund, Volpe National Transportation Systems Center (net) | BA | 1 | | | 1 | -1 | -1 | |
| | O | 1 | | | 1 | -1 | -1 | |
| <i>Trust funds</i> | | | | | | | | |
| Trust fund share of pipeline safety: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 4 | 5 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 5 | 5 | 4 | 4 | 4 | 4 |
| Total Federal funds Research and Special Programs Administration | BA | 69 | 77 | 95 | 95 | 96 | 99 | 100 |
| | O | 67 | 70 | 68 | 81 | 91 | 93 | 96 |
| Total Trust funds Research and Special Programs Administration | BA | 4 | 5 | 4 | 4 | 4 | 4 | 4 |
| | O | 4 | 5 | 5 | 4 | 4 | 4 | 4 |

Office of Inspector General
Federal funds

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 43 | 44 | 48 | 48 | 49 | 50 | 51 |
| Appropriation, mandatory | BA | 1 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | 4 | 5 | 5 | 5 | 5 | 5 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 46 | 49 | 53 | 53 | 54 | 55 | 56 |
| Salaries and expenses (gross) | BA | 45 | 48 | 53 | 53 | 54 | 55 | 56 |
| | O | 46 | 49 | 53 | 53 | 54 | 55 | 56 |
| Total, offsetting collections | | -1 | -4 | -5 | -5 | -5 | -5 | -5 |
| Total Salaries and expenses (net) | BA | 44 | 44 | 48 | 48 | 49 | 50 | 51 |
| | O | 45 | 45 | 48 | 48 | 49 | 50 | 51 |

Surface Transportation Board

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|----|----|------|------|------|------|------|
| Appropriation, discretionary | 401 BA | 15 | 15 | 17 | 17 | 17 | 18 | 18 |
| | | | | J-17 | J-17 | J-17 | J-18 | J-18 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| | | | | J-17 | J-17 | J-17 | J-18 | J-18 |
| Outlays | O | 15 | 18 | 18 | 18 | 18 | 19 | 19 |
| Salaries and expenses (gross) | BA | 16 | 17 | 18 | 18 | 18 | 19 | 19 |
| | O | 15 | 18 | 18 | 18 | 18 | 19 | 19 |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -1 | -2 | -1 | -1 | -1 | -1 | -1 |
| | | | | J-17 | J-17 | J-17 | J-18 | J-18 |
| Total Salaries and expenses (net) | BA | 15 | 15 | | | | | |
| | O | 14 | 16 | | | | | |

Maritime Administration

Federal funds

General and Special Funds:

Ship construction:

| | | | | | | | | |
|---|--------|------|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 403 BA | -17 | | | | | | |
| Operating-differential subsidies: | | | | | | | | |
| Outlays | 403 O | 17 | 15 | 11 | 1 | | | |
| Maritime security program: | | | | | | | | |
| Appropriation, discretionary | 054 BA | 90 | 96 | 99 | 99 | 100 | 103 | 105 |
| Outlays | O | 94 | 101 | 99 | 99 | 100 | 102 | 105 |
| Ocean freight differential: | | | | | | | | |
| Authority to borrow, mandatory | 403 BA | 16 | 75 | 26 | 26 | 26 | 26 | 26 |
| Outlays | O | 16 | 75 | 26 | 26 | 26 | 26 | 26 |
| Operations and training: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 72 | 72 | 80 | 80 | 81 | 83 | 85 |
| Reappropriation, discretionary | BA | | 1 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 41 | 57 | 57 | 57 | 58 | 59 | 60 |
| Outlays | O | 175 | 150 | 143 | 137 | 139 | 142 | 144 |
| Operations and training (gross) | BA | 113 | 130 | 137 | 137 | 139 | 142 | 145 |
| | O | 175 | 150 | 143 | 137 | 139 | 142 | 144 |
| Change in receivables and unpaid, unfilled orders | BA | 79 | | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -119 | -57 | -57 | -57 | -58 | -59 | -60 |
| Total Operations and training (net) | BA | 72 | 73 | 80 | 80 | 81 | 83 | 85 |
| | O | 56 | 93 | 86 | 80 | 81 | 83 | 84 |
| Ready reserve force: | | | | | | | | |
| Outlays | 054 O | 15 | 12 | 5 | 1 | 1 | | |

Public Enterprise Funds:

Vessel operations revolving fund:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, discretionary | 403 BA | 312 | 420 | 344 | 344 | 348 | 357 | 365 |
|---|--------|-----|-----|-----|-----|-----|-----|-----|

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 477 | 317 | 317 | 244 | 348 | 360 | 368 |
| Vessel operations revolving fund (gross) | BA | 312 | 420 | 344 | 344 | 348 | 357 | 365 |
| | O | 477 | 317 | 317 | 244 | 348 | 360 | 368 |
| Change in receivables and unpaid, unfilled orders | BA | 221 | | | | | | |
| Total, offsetting collections | | -533 | -420 | -344 | -344 | -348 | -357 | -365 |
| Total Vessel operations revolving fund (net) | BA | | | | | | | |
| | O | -56 | -103 | -27 | -100 | | 3 | 3 |
| War risk insurance revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 403 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| War risk insurance revolving fund (gross) | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total War risk insurance revolving fund (net) | BA | | | | | | | |
| | O | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Credit Accounts: | | | | | | | | |
| Federal ship financing fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 403 BA | 4 | 7 | 7 | 6 | 6 | 6 | 6 |
| Outlays | O | 6 | | | | | | |
| Federal ship financing fund liquidating account (gross) | BA | 4 | 7 | 7 | 6 | 6 | 6 | 6 |
| | O | 6 | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 7 | | | | | | |
| Total, offsetting collections | | -11 | -7 | -7 | -6 | -6 | -6 | -6 |
| Total Federal ship financing fund liquidating account (net) | BA | | | | | | | |
| | O | -5 | -7 | -7 | -6 | -6 | -6 | -6 |
| Maritime guaranteed loan (Title XI) program account: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 10 | 10 | 6 | 6 | 6 | 6 | 6 |
| Appropriation, mandatory | BA | | 55 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 46 | | | | | | |
| Outlays | O | 34 | 175 | 6 | 6 | 6 | 6 | 6 |
| Limitation on loan guarantee commitments | | (1,767) | (1,505) | (40) | (40) | (40) | (41) | (42) |
| Maritime guaranteed loan (Title XI) program account (gross) | BA | 56 | 65 | 6 | 6 | 6 | 6 | 6 |
| | O | 34 | 175 | 6 | 6 | 6 | 6 | 6 |
| Total, offsetting collections | | -46 | | | | | | |
| Total Maritime guaranteed loan (Title XI) program account (net) | BA | 10 | 65 | 6 | 6 | 6 | 6 | 6 |
| | O | -12 | 175 | 6 | 6 | 6 | 6 | 6 |
| Total Federal funds Maritime Administration | BA | 171 | 309 | 211 | 211 | 213 | 218 | 222 |
| | O | 124 | 360 | 198 | 106 | 207 | 213 | 217 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 8,547 | 6,491 | 6,672 | 6,411 | 6,609 | 6,773 | 6,946 |
| | O | 4,933 | 5,046 | 4,101 | 4,446 | 5,037 | 5,898 | 6,353 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 401 BA/O | | -65 | | | | | |
| | 403 BA/O | -85 | -30 | -1 | -1 | -1 | -1 | -1 |
| | 407 BA/O | -8 | -14 | -14 | -14 | -14 | -14 | -14 |
| Offsetting governmental receipts | 403 BA/O | -85 | -92 | -94 | -96 | -21 | -21 | -21 |
| | 407 BA/O | -31 | -31 | -45 | -46 | -47 | -47 | -49 |
| Total Federal funds | BA | 8,338 | 6,259 | 6,518 | 6,254 | 6,526 | 6,690 | 6,861 |
| | O | 4,724 | 4,814 | 3,947 | 4,289 | 4,954 | 5,815 | 6,268 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 42,548 | 46,889 | 51,786 | 49,098 | 49,973 | 51,305 | 52,795 |
| | O | 37,157 | 41,138 | 45,122 | 46,763 | 47,038 | 47,559 | 48,386 |

DEPARTMENT OF TRANSPORTATION—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 151 BA/O | -6 | -6 | -6 | -6 | -6 | -6 | -6 |
| | 401 BA/O | -20 | -16 | -16 | -16 | -16 | -16 | -16 |
| | 908 BA/O | -2 | | | | | | |
| Total Trust funds | BA | 42,520 | 46,867 | 51,764 | 49,076 | 49,951 | 51,283 | 52,773 |
| | O | 37,129 | 41,116 | 45,100 | 46,741 | 47,016 | 47,537 | 48,364 |
| Interfund transactions | 401 BA/O | -24 | -5 | -5 | -5 | -5 | -5 | -5 |
| Total Department of Transportation | BA | 50,834 | 53,121 | 58,277 | 55,325 | 56,472 | 57,968 | 59,629 |
| | O | 41,829 | 45,925 | 49,042 | 51,025 | 51,965 | 53,347 | 54,627 |

DEPARTMENT OF THE TREASURY
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|------------|------------|------------|------------|------------|------------|------------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Departmental Offices | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 153 | 134 | 155 | 155 | 157 | 161 | 164 |
| Spending authority from offsetting collections, discretionary | BA | 16 | 15 | 15 | 15 | 15 | 16 | 16 |
| Outlays | O | 153 | 140 | 168 | 170 | 172 | 176 | 180 |
| Salaries and expenses (gross) | BA | 169 | 149 | 170 | 170 | 172 | 177 | 180 |
| | O | 153 | 140 | 168 | 170 | 172 | 176 | 180 |
| Total, offsetting collections | | -16 | -15 | -15 | -15 | -15 | -16 | -16 |
| Total Salaries and expenses (net) | BA | 153 | 134 | 155 | 155 | 157 | 161 | 164 |
| | O | 137 | 125 | 153 | 155 | 157 | 160 | 164 |
| United States community adjustment and investment program: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 9 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 1 | 14 | 10 | 10 | 10 | 10 | 10 |
| Department-wide systems and Capital Investments Programs: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 78 | 43 | 99 | 99 | 100 | 103 | 105 |
| Outlays | O | 21 | 60 | 53 | 84 | 99 | 100 | 103 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 30 | 31 | 34 | 34 | 34 | 35 | 36 |
| Spending authority from offsetting collections, discretionary | BA | | | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 30 | 30 | 35 | 35 | 35 | 36 | 37 |
| Office of Inspector General (gross) | BA | 30 | 31 | 35 | 35 | 35 | 36 | 37 |
| | O | 30 | 30 | 35 | 35 | 35 | 36 | 37 |
| Total, offsetting collections | | | | -1 | -1 | -1 | -1 | -1 |
| Total Office of Inspector General (net) | BA | 30 | 31 | 34 | 34 | 34 | 35 | 36 |
| | O | 30 | 30 | 34 | 34 | 34 | 35 | 36 |
| Inspector General for Tax Administration: | | | | | | | | |
| Appropriation, discretionary | 803 BA | | 112 | 118 | 118 | 119 | 122 | 125 |
| Spending authority from offsetting collections, discretionary | BA | | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | | 103 | 119 | 120 | 121 | 124 | 127 |
| Inspector General for Tax Administration (gross) | BA | | 114 | 120 | 120 | 121 | 124 | 127 |
| | O | | 103 | 119 | 120 | 121 | 124 | 127 |
| Total, offsetting collections | | | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Inspector General for Tax Administration (net) | BA | | 112 | 118 | 118 | 119 | 122 | 125 |
| | O | | 101 | 117 | 118 | 119 | 122 | 125 |
| Treasury buildings and annex repair and restoration: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 27 | 23 | 31 | 31 | 31 | 32 | 33 |
| Outlays | O | 8 | 22 | 29 | 30 | 32 | 32 | 33 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------------|------------|------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 127 | 157 | 165 | 180 | 181 | 186 | 190 |
| Treasury franchise fund (gross) | BA | 160 | 172 | 180 | 180 | 182 | 187 | 191 |
| | O | 127 | 157 | 165 | 180 | 181 | 186 | 190 |
| Change in receivables and unpaid, unfilled orders | BA | -23 | -10 | -10 | | | | |
| Total, offsetting collections | | -137 | -162 | -170 | -170 | -172 | -176 | -180 |
| Total Treasury franchise fund (net) | BA | | | | 10 | 10 | 11 | 11 |
| | O | -10 | -5 | -5 | 10 | 9 | 10 | 10 |
| Credit Accounts: | | | | | | | | |
| Community development financial institutions fund program account: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 95 | 95 | 125 | 125 | 127 | 130 | 132 |
| Appropriation, mandatory | BA | | 1 | | | | | |
| Outlays | O | 86 | 90 | 110 | 112 | 120 | 125 | 128 |
| Limitation on direct loan activity | | (32) | (53) | (53) | (53) | (54) | (55) | (56) |
| Total Community development financial institutions fund program account | BA | 95 | 96 | 125 | 125 | 127 | 130 | 132 |
| | O | 86 | 90 | 110 | 112 | 120 | 125 | 128 |
| Total Federal funds Departmental Offices | BA | 929 | 894 | 979 | 991 | 997 | 1,017 | 1,032 |
| | O | -645 | -277 | -660 | -716 | -739 | -620 | -906 |

Federal Law Enforcement Training Center

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 75 | 84 | 93 | 93 | 94 | 96 | 99 |
| Spending authority from offsetting collections, discretionary | BA | 40 | 35 | 36 | 36 | 36 | 37 | 38 |
| Outlays | O | 105 | 116 | 128 | 129 | 130 | 133 | 137 |
| Salaries and expenses (gross) | BA | 115 | 119 | 129 | 129 | 130 | 133 | 137 |
| | O | 105 | 116 | 128 | 129 | 130 | 133 | 137 |
| Total, offsetting collections | | -40 | -35 | -36 | -36 | -36 | -37 | -38 |
| Total Salaries and expenses (net) | BA | 75 | 84 | 93 | 93 | 94 | 96 | 99 |
| | O | 65 | 81 | 92 | 93 | 94 | 96 | 99 |
| Acquisitions, construction, improvements, and related expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 35 | 22 | 17 | 17 | 17 | 18 | 18 |
| Outlays | O | 32 | 32 | 27 | 19 | 17 | 17 | 17 |
| Total Federal funds Federal Law Enforcement Training Center | BA | 110 | 106 | 110 | 110 | 111 | 114 | 117 |
| | O | 97 | 113 | 119 | 112 | 111 | 113 | 116 |

Interagency Law Enforcement

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----------|-----------|------------|------------|------------|------------|------------|
| Interagency crime and drug enforcement: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 76 | 75 | 103 | 103 | 104 | 107 | 109 |
| Outlays | O | 87 | 82 | 98 | 103 | 104 | 107 | 109 |

Financial Management Service

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 202 | 200 | 203 | 203 | 205 | 211 | 215 |
| Appropriation, mandatory | BA | 13 | 13 | 20 | 20 | 26 | 26 | 26 |
| Spending authority from offsetting collections, discretionary | BA | 122 | 111 | 114 | 114 | 115 | 118 | 121 |
| Outlays | O | 317 | 325 | 336 | 337 | 346 | 354 | 361 |
| Salaries and expenses (gross) | BA | 337 | 324 | 337 | 337 | 346 | 355 | 362 |
| | O | 317 | 325 | 336 | 337 | 346 | 354 | 361 |
| Change in receivables and unpaid, unfilled orders | BA | -12 | | | | | | |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -110 | -111 | -114 | -114 | -115 | -118 | -121 |
| Total Salaries and expenses (net) | BA | 215 | 213 | 223 | 223 | 231 | 237 | 241 |
| | O | 207 | 214 | 222 | 223 | 231 | 236 | 240 |
| Payment to Department of Justice, FIRREA related claims: | | | | | | | | |
| Outlays | 752 O | 26 | 2 | | | | | |
| Payment to the Resolution Funding Corporation: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 2,328 | 1,072 | 1,728 | 1,247 | 2,047 | 1,947 | 2,231 |
| Outlays | O | 2,328 | 1,072 | 1,728 | 1,247 | 2,047 | 1,947 | 2,231 |
| Payment to terrestrial wildlife habitat restoration trust fund: | | | | | | | | |
| Appropriation, mandatory | 306 BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Federal Reserve Bank reimbursement fund: | | | | | | | | |
| Appropriation, mandatory | 803 BA | 124 | 127 | 129 | 132 | 135 | 138 | 141 |
| Outlays | O | 132 | 129 | 129 | 132 | 135 | 138 | 141 |
| Interest on uninvested funds: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 5 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 5 | 8 | 8 | 8 | 8 | 8 | 8 |
| Federal interest liabilities to the states: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 20 | 14 | 13 | 12 | 11 | 10 | 10 |
| Outlays | O | 18 | 16 | 13 | 12 | 11 | 10 | 10 |
| Net interest paid to loan guarantee financing accounts: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 3,617 | 3,795 | 3,858 | 3,948 | 4,045 | 4,149 | 4,261 |
| Outlays | O | 3,617 | 3,795 | 3,858 | 3,948 | 4,045 | 4,149 | 4,261 |
| Claims, judgments, and relief acts: | | | | | | | | |
| Appropriation, mandatory | 808 BA | 1,859 | 725 | 712 | 712 | 712 | 712 | 712 |
| Outlays | O | 1,827 | 757 | 712 | 712 | 712 | 712 | 712 |
| Biomass energy development: | | | | | | | | |
| Appropriation, discretionary | 271 BA | | -49 | -2 | -2 | -2 | -2 | -2 |
| | | | A -4 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 5 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | | | | | | | |
| Biomass energy development (gross) | BA | 5 | -49 | 2 | 2 | 2 | 2 | 2 |
| | O | | | | | | | |
| Total, offsetting collections | | -5 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Biomass energy development (net) | BA | | -53 | -2 | -2 | -2 | -2 | -2 |
| | O | -5 | -4 | -4 | -4 | -4 | -4 | -4 |
| Payments to the farm credit system financial assistance corporation liquidating account: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 3 | | | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | | | | 1 | 1 | 1 |
| Public Enterprise Funds: | | | | | | | | |
| Check forgery insurance fund: | | | | | | | | |
| Appropriation, mandatory | 803 BA | | 4 | 2 | 2 | 1 | 1 | 1 |
| Spending authority from offsetting collections, mandatory | BA | | 5 | 6 | 8 | 9 | 9 | 9 |
| Outlays | O | 3 | 13 | 8 | 10 | 10 | 10 | 10 |
| Check forgery insurance fund (gross) | BA | | 9 | 8 | 10 | 10 | 10 | 10 |
| | O | 3 | 13 | 8 | 10 | 10 | 10 | 10 |
| Total, offsetting collections | | | -5 | -6 | -8 | -9 | -9 | -9 |
| Total Check forgery insurance fund (net) | BA | | 4 | 2 | 2 | 1 | 1 | 1 |
| | O | 3 | 8 | 2 | 2 | 1 | 1 | 1 |
| Total Federal funds Financial Management Service | BA | 8,176 | 5,910 | 6,676 | 6,288 | 7,194 | 7,206 | 7,609 |
| | O | 8,166 | 6,002 | 6,673 | 6,285 | 7,192 | 7,203 | 7,606 |

Federal Financing Bank
Federal funds

Intragovernmental Funds:

Federal Financing Bank:

| | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, mandatory | 803 BA | 1,155 | | | | | | |
| Authority to borrow, mandatory | BA | | 21 | 22 | 24 | 25 | 27 | 31 |
| Spending authority from offsetting collections, mandatory | BA | 3,868 | 3,731 | 3,477 | 3,304 | 3,167 | 3,055 | 2,881 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 4,997 | 3,752 | 3,499 | 3,328 | 3,192 | 3,082 | 2,912 |
| Federal Financing Bank (gross) | BA | 5,023 | 3,752 | 3,499 | 3,328 | 3,192 | 3,082 | 2,912 |
| | O | 4,997 | 3,752 | 3,499 | 3,328 | 3,192 | 3,082 | 2,912 |
| Total, offsetting collections | | -3,868 | -3,731 | -3,477 | -3,304 | -3,167 | -3,055 | -2,881 |
| Total Federal Financing Bank (net) | BA | 1,155 | 21 | 22 | 24 | 25 | 27 | 31 |
| | O | 1,129 | 21 | 22 | 24 | 25 | 27 | 31 |

Bureau of Alcohol, Tobacco and Firearms

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 557 | 565 | 756 | 756 | 765 | 784 | 801 |
| Reappropriation, discretionary | BA | 1 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 41 | 51 | 51 | 51 | 52 | 53 | 54 |
| Outlays | O | 558 | 565 | 790 | 807 | 815 | 836 | 853 |
| Salaries and expenses (gross) | BA | 599 | 616 | 807 | 807 | 817 | 837 | 855 |
| | O | 558 | 565 | 790 | 807 | 815 | 836 | 853 |
| Change in receivables and unpaid, unfilled orders | BA | -35 | | | | | | |
| Total, offsetting collections | | -6 | -51 | -51 | -51 | -52 | -53 | -54 |
| Total Salaries and expenses (net) | BA | 558 | 565 | 756 | 756 | 765 | 784 | 801 |
| | O | 552 | 514 | 739 | 756 | 763 | 783 | 799 |
| Laboratory facilities and headquarters: | | | | | | | | |
| Outlays | 751 O | 1 | 49 | 7 | 5 | | | |
| Internal revenue collections for Puerto Rico: | | | | | | | | |
| Appropriation, mandatory | 806 BA | 235 | 253 | 315 | 246 | 235 | 235 | 235 |
| | | | <i>B-32</i> | <i>B-32</i> | | | | |
| Outlays | O | 235 | 253 | 315 | 246 | 235 | 235 | 235 |
| | | | <i>B-32</i> | <i>B-32</i> | | | | |
| Total Internal revenue collections for Puerto Rico | BA | 235 | 285 | 283 | 246 | 235 | 235 | 235 |
| | O | 235 | 285 | 283 | 246 | 235 | 235 | 235 |
| Total Federal funds Bureau of Alcohol, Tobacco and Firearms | BA | 793 | 850 | 1,039 | 1,002 | 1,000 | 1,019 | 1,036 |
| | O | 788 | 848 | 1,029 | 1,007 | 998 | 1,018 | 1,034 |

United States Customs Service

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary | 751 BA | 1,795 | 1,702 | 1,859 | 1,859 | 1,881 | 1,928 | 1,970 |
| | | | | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> |
| Appropriation, mandatory | BA | 274 | 300 | 320 | 351 | 386 | 424 | 465 |
| Spending authority from offsetting collections, discretionary | BA | 465 | 480 | 448 | 448 | 453 | 465 | 475 |
| | | | | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> |
| Outlays | O | 2,446 | 2,316 | 2,629 | 2,655 | 2,714 | 2,809 | 2,902 |
| Salaries and expenses (gross) | BA | 2,534 | 2,482 | 2,627 | 2,658 | 2,720 | 2,817 | 2,910 |
| | O | 2,446 | 2,316 | 2,629 | 2,655 | 2,714 | 2,809 | 2,902 |
| Change in receivables and unpaid, unfilled orders | BA | 18 | -29 | | | | | |
| Adjustment to receivables and unpaid, unfilled orders | BA | -9 | | | | | | |
| Total, offsetting collections | | -474 | -451 | -448 | -448 | -453 | -465 | -475 |
| | | | | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> | <i>J-3</i> |
| Total Salaries and expenses (net) | BA | 2,069 | 2,002 | 2,182 | 2,213 | 2,270 | 2,355 | 2,438 |
| | O | 1,972 | 1,865 | 2,184 | 2,210 | 2,264 | 2,347 | 2,430 |
| Operation and maintenance, air and marine interdiction programs: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 275 | 109 | 157 | 157 | 159 | 163 | 166 |
| Spending authority from offsetting collections, discretionary | BA | 5 | 1 | 1 | 1 | 1 | 1 | 1 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 150 | 164 | 144 | 158 | 159 | 163 | 166 |
| Operation and maintenance, air and marine interdiction programs (gross) | BA | 280 | 110 | 158 | 158 | 160 | 164 | 167 |
| | O | 150 | 164 | 144 | 158 | 159 | 163 | 166 |
| Change in receivables and unpaid, unfilled orders | BA | -3 | | | | | | |
| Total, offsetting collections | | -2 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Operation and maintenance, air and marine interdiction programs (net) | BA | 275 | 109 | 157 | 157 | 159 | 163 | 166 |
| | O | 148 | 163 | 143 | 157 | 158 | 162 | 165 |
| Customs facilities, construction, improvements and related expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 7 | | | | | | |
| Outlays | O | 2 | 5 | 4 | 2 | 2 | 1 | |
| Automation modernization: | | | | | | | | |
| Appropriation, discretionary | 751 BA | | | 338 | 338 | 343 | 351 | 359 |
| Spending authority from offsetting collections, discretionary | BA | | | <i>J</i> -210 | <i>J</i> -210 | <i>J</i> -213 | <i>J</i> -218 | <i>J</i> -223 |
| Outlays | O | | | <i>J</i> 210 | <i>J</i> 210 | <i>J</i> 213 | <i>J</i> 218 | <i>J</i> 223 |
| Automation modernization (gross) | BA | | | 338 | 338 | 343 | 351 | 359 |
| | O | | | 178 | 278 | 313 | 335 | 352 |
| Total, offsetting collections | | | | <i>J</i> -210 | <i>J</i> -210 | <i>J</i> -213 | <i>J</i> -218 | <i>J</i> -223 |
| Total Automation modernization (net) | BA | | | 128 | 128 | 130 | 133 | 136 |
| | O | | | -32 | 68 | 100 | 117 | 129 |
| Customs services at small airports: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Customs services at small airports (gross) | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Customs services at small airports (net) | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Refunds, transfers, and expenses of operation, Puerto Rico: | | | | | | | | |
| Appropriation, mandatory | 806 BA | 100 | 112 | 114 | 117 | 119 | 122 | 125 |
| Spending authority from offsetting collections, mandatory | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 100 | 116 | 118 | 121 | 123 | 126 | 129 |
| Refunds, transfers, and expenses of operation, Puerto Rico (gross) | BA | 104 | 116 | 118 | 121 | 123 | 126 | 129 |
| | O | 100 | 116 | 118 | 121 | 123 | 126 | 129 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Refunds, transfers, and expenses of operation, Puerto Rico (net) | BA | 100 | 112 | 114 | 117 | 119 | 122 | 125 |
| | O | 96 | 112 | 114 | 117 | 119 | 122 | 125 |
| <i>Trust funds</i> | | | | | | | | |
| Harbor maintenance fee collection: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 3 | 3 | <i>J</i> -3 | J-3 | J-3 | J-3 | J-3 |
| Total Harbor maintenance fee collection | BA | 3 | 3 | | | | | |
| | O | 3 | 3 | | | | | |
| Refunds, transfers and expenses, unclaimed, and abandoned goods: | | | | | | | | |
| Appropriation, mandatory | 751 BA | 4 | 5 | 5 | 5 | 7 | 7 | 7 |
| Outlays | O | 7 | 5 | 5 | 5 | 7 | 7 | 7 |
| Total Federal funds United States Customs Service | BA | 2,453 | 2,225 | 2,583 | 2,617 | 2,680 | 2,775 | 2,867 |
| | O | 2,220 | 2,147 | 2,415 | 2,556 | 2,645 | 2,751 | 2,851 |
| Total Trust funds United States Customs Service | BA | 7 | 8 | 5 | 5 | 7 | 7 | 7 |
| | O | 10 | 8 | 5 | 5 | 7 | 7 | 7 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Bureau of Engraving and Printing | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| Intragovernmental Funds: | | | | | | | | |
| Bureau of Engraving and Printing fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 803 BA | 567 | 530 | 580 | 580 | 587 | 602 | 615 |
| Outlays | O | 527 | 520 | 570 | 580 | 587 | 602 | 615 |
| Bureau of Engraving and Printing fund (gross) | BA | 567 | 530 | 580 | 580 | 587 | 602 | 615 |
| | O | 527 | 520 | 570 | 580 | 587 | 602 | 615 |
| Total, offsetting collections | | -567 | -530 | -580 | -580 | -587 | -601 | -615 |
| Total Bureau of Engraving and Printing fund (net) | BA | | | | | | 1 | |
| | O | -40 | -10 | -10 | | | 1 | |
| United States Mint | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| Public Enterprise Funds: | | | | | | | | |
| United States mint public enterprise fund: | | | | | | | | |
| Appropriation, discretionary | 803 BA | | | 18 | 18 | 18 | 19 | 19 |
| Spending authority from offsetting collections, discretionary | BA | 1,399 | 1,457 | 1,119 | 1,119 | 1,132 | 1,161 | 1,186 |
| Outlays | O | 1,419 | 1,462 | 1,119 | 1,119 | 1,132 | 1,159 | 1,185 |
| United States mint public enterprise fund (gross) | BA | 1,399 | 1,457 | 1,137 | 1,137 | 1,150 | 1,180 | 1,205 |
| | O | 1,419 | 1,462 | 1,119 | 1,119 | 1,132 | 1,159 | 1,185 |
| Total, offsetting collections | | -1,399 | -1,457 | -1,119 | -1,119 | -1,132 | -1,161 | -1,186 |
| Total United States mint public enterprise fund (net) | BA | | | 18 | 18 | 18 | 19 | 19 |
| | O | 20 | 5 | | | | -2 | -1 |
| Bureau of the Public Debt | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Administering the public debt: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 173 | 177 | 183 | 183 | 185 | 190 | 194 |
| Appropriation, mandatory | BA | 138 | 139 | 162 | 162 | 162 | 162 | 162 |
| Spending authority from offsetting collections, discretionary | BA | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 313 | 360 | 353 | 360 | 362 | 366 | 371 |
| Administering the public debt (gross) | BA | 319 | 324 | 353 | 353 | 355 | 360 | 364 |
| | O | 313 | 360 | 353 | 360 | 362 | 366 | 371 |
| Total, offsetting collections | | -8 | -8 | -8 | -8 | -8 | -8 | -8 |
| Total Administering the public debt (net) | BA | 311 | 316 | 345 | 345 | 347 | 352 | 356 |
| | O | 305 | 352 | 345 | 352 | 354 | 358 | 363 |
| Payment of Government losses in shipment: | | | | | | | | |
| Appropriation, mandatory | 803 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Bureau of the Public Debt | BA | 312 | 317 | 346 | 346 | 348 | 353 | 357 |
| | O | 305 | 353 | 346 | 353 | 355 | 359 | 364 |
| Internal Revenue Service | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Processing, assistance, and management: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 3,126 | 3,341 | 3,699 | 3,699 | 3,743 | 3,836 | 3,920 |
| | | | ^A 20 | | | | | |
| Appropriation, mandatory | BA | 78 | 82 | 82 | 82 | 82 | 82 | 82 |
| Reappropriation, discretionary | BA | 9 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 29 | 30 | 30 | 30 | 30 | 31 | 32 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 3,231 | 3,453 ^18 | 3,779 ^2 | 3,811 | 3,852 | 3,941 | 4,026 |
| Processing, assistance, and management (gross) | BA | 3,242 | 3,473 | 3,811 | 3,811 | 3,855 | 3,949 | 4,034 |
| | O | 3,231 | 3,471 | 3,781 | 3,811 | 3,852 | 3,941 | 4,026 |
| Total, offsetting collections | | -29 | -30 | -30 | -30 | -30 | -31 | -32 |
| Total Processing, assistance, and management (net) | BA | 3,213 | 3,443 | 3,781 | 3,781 | 3,825 | 3,918 | 4,002 |
| | O | 3,202 | 3,441 | 3,751 | 3,781 | 3,822 | 3,910 | 3,994 |
| Tax law enforcement | | | | | | | | |
| (Federal law enforcement activities): | | | | | | | | |
| (Appropriation, discretionary) | 751 BA | 367 | 385 | 399 | 399 | 404 | 414 | 423 |
| (Outlays) | O | 366 | 393 | 398 | 399 | 404 | 413 | 422 |
| (Central fiscal operations): | | | | | | | | |
| (Appropriation, discretionary) | 803 BA | 2,748 | 2,853 ^7 | 3,040 | 3,040 | 3,076 | 3,153 | 3,222 |
| (Appropriation, mandatory) | BA | 10 | 8 | 8 | 8 | 8 | 8 | 8 |
| (Reappropriation, discretionary) | BA | 10 | | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | 65 | 66 | 92 | 92 | 93 | 95 | 98 |
| (Outlays) | O | 2,827 | 2,989 ^7 | 3,129 | 3,140 | 3,175 | 3,252 | 3,324 |
| Tax law enforcement (gross) | BA | 3,200 | 3,319 | 3,539 | 3,539 | 3,581 | 3,670 | 3,751 |
| | O | 3,193 | 3,389 | 3,527 | 3,539 | 3,579 | 3,665 | 3,746 |
| Total, offsetting collections | | -65 | -66 | -92 | -92 | -93 | -95 | -98 |
| Total (Central fiscal operations) (net) | BA | 2,768 | 2,868 | 3,048 | 3,048 | 3,084 | 3,161 | 3,230 |
| | O | 2,762 | 2,930 | 3,037 | 3,048 | 3,082 | 3,157 | 3,226 |
| Total Tax law enforcement | BA | 3,135 | 3,253 | 3,447 | 3,447 | 3,488 | 3,575 | 3,653 |
| | O | 3,128 | 3,323 | 3,435 | 3,447 | 3,486 | 3,570 | 3,648 |
| Earned income tax credit compliance initiative: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 142 | 144 | 145 | 145 | 147 | 150 | 154 |
| Reappropriation, discretionary | BA | 1 | | | | | | |
| Outlays | O | 131 | 144 | 145 | 145 | 146 | 150 | 154 |
| Total Earned income tax credit compliance initiative | BA | 143 | 144 | 145 | 145 | 147 | 150 | 154 |
| | O | 131 | 144 | 145 | 145 | 146 | 150 | 154 |
| Information systems: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 1,812 | 1,495 ^13 | 1,584 | 1,584 | 1,603 | 1,643 | 1,679 |
| Spending authority from offsetting collections, discretionary | BA | 12 | 12 | 12 | 12 | 12 | 12 | 13 |
| Outlays | O | 1,829 | 1,447 ^9 | 1,384 ^2 | 1,433 ^1 | 1,526 ^1 | 1,636 ^1 | 1,673 |
| Information systems (gross) | BA | 1,824 | 1,520 | 1,596 | 1,596 | 1,615 | 1,655 | 1,692 |
| | O | 1,829 | 1,456 | 1,386 | 1,434 | 1,527 | 1,637 | 1,673 |
| Total, offsetting collections | | -12 | -12 | -12 | -12 | -12 | -12 | -13 |
| Total Information systems (net) | BA | 1,812 | 1,508 | 1,584 | 1,584 | 1,603 | 1,643 | 1,679 |
| | O | 1,817 | 1,444 | 1,374 | 1,422 | 1,515 | 1,625 | 1,660 |
| Information technology investments: | | | | | | | | |
| Appropriation, discretionary | 803 BA | 211 | | 119 | | | | |
| Advance appropriation, discretionary | BA | | | | 375 | 375 | 375 | 375 |
| Outlays | O | 1 | 185 | 239 | 325 | 368 | 369 | 368 |
| Total Information technology investments | BA | 211 | | 119 | 375 | 375 | 375 | 375 |
| | O | 1 | 185 | 239 | 325 | 368 | 369 | 368 |
| Payment where earned income credit exceeds liability for tax: | | | | | | | | |
| Appropriation, mandatory | 609 BA | 25,632 | 25,676 | 25,799 ^15 | 26,876 ^304 | 27,638 ^314 | 28,701 ^326 | 29,722 ^339 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 25,632 | 25,676 | 25,799 <i>B 15</i> | 26,876 <i>B 304</i> | 27,638 <i>B 314</i> | 28,701 <i>B 326</i> | 29,722 <i>B 339</i> |
| Total Payment where earned income credit exceeds liability for tax | BA O | 25,632 25,632 | 25,676 25,676 | 25,814 25,814 | 27,180 27,180 | 27,952 27,952 | 29,027 29,027 | 30,061 30,061 |
| Payment where child credit exceeds liability for tax (Other income security): | | | | | | | | |
| (Appropriation, mandatory) | 609 BA | 445 | 550 | 520 | 505 | 460 | 450 | 420 |
| (Outlays) | O | 445 | 550 | 520 | 505 | 460 | 450 | 420 |
| Total Payment where child credit exceeds liability for tax | BA O | 445 445 | 550 550 | 520 520 | 505 505 | 460 460 | 450 450 | 420 420 |
| Payment where child and dependent care tax credit exceeds liability for tax: | | | | | | | | |
| Appropriation, mandatory | 609 BA | | | | | | <i>B 1,427</i> | <i>B 1,501</i> |
| Outlays | O | | | | | | <i>B 1,427</i> | <i>B 1,501</i> |
| Payment where long-term care or disability tax credit exceeds liability for tax: | | | | | | | | |
| Appropriation, mandatory | 551 BA | | | <i>B 8</i> | <i>B 72</i> | <i>B 98</i> | <i>B 134</i> | <i>B 163</i> |
| Outlays | O | | | <i>B 8</i> | <i>B 72</i> | <i>B 98</i> | <i>B 134</i> | <i>B 163</i> |
| Refundable tax credit for electronic tax return filers: | | | | | | | | |
| Appropriation, mandatory | 803 BA | | | | <i>B 303</i> | <i>B 324</i> | <i>B 331</i> | <i>B 339</i> |
| Outlays | O | | | | <i>B 303</i> | <i>B 324</i> | <i>B 331</i> | <i>B 339</i> |
| Refunding internal revenue collections, interest: | | | | | | | | |
| Appropriation, mandatory | 908 BA | 2,724 | 3,157 | 3,307 | 3,436 | 3,563 | 3,702 | 3,852 |
| Outlays | O | 2,724 | 3,157 | 3,307 | 3,436 | 3,563 | 3,702 | 3,852 |
| Informant payments: | | | | | | | | |
| Appropriation, mandatory | 803 BA | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Public Enterprise Funds: | | | | | | | | |
| Federal tax lien revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 803 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Federal tax lien revolving fund (gross) | BA O | 6 6 | 6 6 | 6 6 | 6 6 | 6 6 | 6 6 | 6 6 |
| Total, offsetting collections | | -6 | -6 | -6 | -6 | -6 | -6 | -6 |
| Total Federal tax lien revolving fund (net) | BA O | | | | | | | |
| Total Federal funds Internal Revenue Service | BA O | 37,323 37,088 | 37,739 37,928 | 38,733 38,601 | 40,836 40,624 | 41,843 41,742 | 44,740 44,703 | 46,207 46,168 |

United States Secret Service
Federal funds

General and Special Funds:

| | | | | | | | | |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 684 | 677 | 822 | 822 | 832 | 852 | 871 |
| Spending authority from offsetting collections, discretionary | BA | 17 | 79 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 622 | 707 | 812 | 826 | 835 | 854 | 873 |
| Salaries and expenses (gross) | BA O | 701 622 | 756 707 | 826 812 | 826 826 | 836 835 | 856 854 | 875 873 |
| Change in receivables and unpaid, unfilled orders | BA | -14 | | | | | | |
| Total, offsetting collections | | -3 | -79 | -4 | -4 | -4 | -4 | -4 |
| Total Salaries and expenses (net) | BA O | 684 619 | 677 628 | 822 808 | 822 822 | 832 831 | 852 850 | 871 869 |
| Acquisition, construction, improvements and related expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 8 | 4 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 36 | 3 | 3 | 5 | 5 | 5 | 6 |
| Contribution for annuity benefits: | | | | | | | | |
| Appropriation, mandatory | 751 BA | 80 | 100 | 110 | 110 | 110 | 110 | 110 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 77 | 90 | 100 | 100 | 100 | 100 | 100 |
| Total Federal funds United States Secret Service | BA | 772 | 781 | 937 | 937 | 947 | 967 | 986 |
| | O | 732 | 721 | 911 | 927 | 936 | 955 | 975 |

Comptroller of the Currency

Trust funds

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Assessment funds: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 394 | 389 | 397 | 424 | 434 | 444 | 456 |
| Outlays | O | 402 | 384 | 391 | 424 | 434 | 444 | 456 |
| Assessment funds (gross) | BA | 394 | 389 | 397 | 424 | 434 | 444 | 456 |
| | O | 402 | 384 | 391 | 424 | 434 | 444 | 456 |
| Total, offsetting collections | | -394 | -389 | -397 | -424 | -434 | -444 | -456 |
| Total Assessment funds (net) | BA | 8 | -5 | -6 | | | | |
| | O | | | | | | | |

Office of Thrift Supervision

Federal funds

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Public Enterprise Funds: | | | | | | | | |
| Office of Thrift Supervision: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 143 | 156 | 160 | 162 | 166 | 170 | 174 |
| Outlays | O | 142 | 156 | 160 | 162 | 166 | 170 | 174 |
| Office of Thrift Supervision (gross) | BA | 143 | 156 | 160 | 162 | 166 | 170 | 174 |
| | O | 142 | 156 | 160 | 162 | 166 | 170 | 174 |
| Total, offsetting collections | | -143 | -156 | -160 | -162 | -166 | -170 | -174 |
| Total Office of Thrift Supervision (net) | BA | | | | | | | |
| | O | -1 | | | | | | |

Interest on the Public Debt

Federal funds

| | | | | | | | | |
|---|--------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General and Special Funds: | | | | | | | | |
| Interest on the public debt: | | | | | | | | |
| Appropriation, mandatory | 901 BA | 353,511 | 358,980 | 359,536 | 361,979 | 365,622 | 368,401 | 369,363 |
| | | | ✓ 65 | ✓ 446 | ✓ 1,513 | ✓ 2,436 | ✓ 2,726 | ✓ 3,034 |
| Outlays | O | 353,511 | 358,980 | 359,536 | 361,979 | 365,622 | 368,401 | 369,363 |
| | | | ✓ 65 | ✓ 446 | ✓ 1,513 | ✓ 2,436 | ✓ 2,726 | ✓ 3,034 |
| Total Interest on the public debt | BA | 353,511 | 359,045 | 359,982 | 363,492 | 368,058 | 371,127 | 372,397 |
| | O | 353,511 | 359,045 | 359,982 | 363,492 | 368,058 | 371,127 | 372,397 |

Summary

| | | | | | | | | |
|--|----------|----------------|----------------|----------------|----------------|----------------|---------------------|---------------------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 405,610 | 407,963 | 411,528 | 416,764 | 423,325 | 429,472 | 432,767 |
| | O | 403,457 | 406,978 | 409,526 | 414,767 | 421,427 | 427,742 | 430,744 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 803 BA/O | -8 | -8 | -8 | -8 | -8 | -8 | -8 |
| | 809 BA/O | -30 | -100 | -100 | -100 | -100 | -100 | -100 |
| | 908 BA/O | -3,999 | -4,061 | -3,807 | -3,403 | -3,137 | -3,358 | -3,546 |
| Proprietary receipts from the public | 151 BA/O | -11 | -11 | -11 | -11 | -11 | -11 | -11 |
| | 155 BA/O | -175 | -253 | -254 | -67 | -80 | -81 | -87 |
| | 751 BA/O | -2 | -2 | -2 | -3 | -3 | -3 | -3 |
| | 803 BA/O | -99 | -103 | -110 | -116 | -118 | -120 | -120 |
| | 809 BA/O | -941 | -1,000 | -999 | -999 | -999 | -999 | -999 |
| | 901 BA/O | -7 | | | | | | |
| | 908 BA/O | -9,210 | -10,753 | -12,019 | -12,990 | -14,067 | -15,029 | -15,935 |
| Offsetting governmental receipts | 751 BA/O | -1,208 | -1,253 | -1,292 | -1,343 | -1,400 | | |
| | | | | | | | ^B -1,460 | ^B -1,524 |
| Total Federal funds | BA | 389,920 | 390,419 | 392,926 | 397,724 | 403,402 | 408,303 | 410,434 |
| | O | 387,767 | 389,434 | 390,924 | 395,727 | 401,504 | 406,573 | 408,411 |

DEPARTMENT OF THE TREASURY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|----------|---------|---------|---------|---------|---------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 7 | 8 | 5 | 5 | 7 | 7 | 7 |
| | O | 18 | 3 | -1 | 5 | 7 | 7 | 7 |
| Interfund transactions | 306 BA/O | -5 | -5 | -5 | -5 | -5 | -5 | -5 |
| | 601 BA/O | -754 | -751 | -809 | -837 | -865 | -895 | -923 |
| | 803 BA/O | -328 | -269 | -1,468 | -266 | -265 | -265 | -265 |
| Total Department of the Treasury | BA | 388,840 | 389,402 | 390,382 | 396,621 | 402,274 | 407,145 | 409,248 |
| | O | 386,698 | 388,412 | 388,374 | 394,624 | 400,376 | 405,415 | 407,225 |

DEPARTMENT OF VETERANS AFFAIRS
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Veterans Health Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Medical care: | | | | | | | | |
| Appropriation, discretionary | 703 BA | 17,820 | 19,498 | 20,618 | 20,580 | 20,823 | 21,338 | 21,803 |
| Appropriation, mandatory | BA | | | 272 | 310 | 318 | 327 | 336 |
| Spending authority from offsetting collections, discretionary | BA | 103 | 117 | 126 | 126 | 128 | 131 | 134 |
| Outlays | O | 17,950 | 18,553 | 21,193 | 20,971 | 21,223 | 21,701 | 22,180 |
| Medical care (gross) | BA | 17,923 | 19,615 | 21,016 | 21,016 | 21,269 | 21,796 | 22,273 |
| | O | 17,950 | 18,553 | 21,193 | 20,971 | 21,223 | 21,701 | 22,180 |
| Total, offsetting collections | | -103 | -117 | -126 | -126 | -128 | -131 | -134 |
| Total Medical care (net) | BA | 17,820 | 19,498 | 20,890 | 20,890 | 21,141 | 21,665 | 22,139 |
| | O | 17,847 | 18,436 | 21,067 | 20,845 | 21,095 | 21,570 | 22,046 |
| Medical and prosthetic research: | | | | | | | | |
| Appropriation, discretionary | 703 BA | 316 | 321 | 321 | 321 | 325 | 333 | 340 |
| Spending authority from offsetting collections, discretionary | BA | 41 | 33 | 40 | 40 | 40 | 41 | 42 |
| Outlays | O | 358 | 344 | 366 | 360 | 364 | 371 | 381 |
| Medical and prosthetic research (gross) | BA | 357 | 354 | 361 | 361 | 365 | 374 | 382 |
| | O | 358 | 344 | 366 | 360 | 364 | 371 | 381 |
| Total, offsetting collections | | -41 | -33 | -40 | -40 | -40 | -41 | -42 |
| Total Medical and prosthetic research (net) | BA | 316 | 321 | 321 | 321 | 325 | 333 | 340 |
| | O | 317 | 311 | 326 | 320 | 324 | 330 | 339 |
| Medical administration and miscellaneous operating expenses: | | | | | | | | |
| Appropriation, discretionary | 703 BA | 63 | 60 | 65 | 65 | 66 | 67 | 69 |
| Spending authority from offsetting collections, discretionary | BA | | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 61 | 64 | 74 | 73 | 73 | 76 | 77 |
| Medical administration and miscellaneous operating expenses (gross) | BA | 63 | 67 | 72 | 72 | 73 | 74 | 76 |
| | O | 61 | 64 | 74 | 73 | 73 | 76 | 77 |
| Total, offsetting collections | | | -7 | -7 | -7 | -7 | -7 | -7 |
| Total Medical administration and miscellaneous operating expenses (net) | BA | 63 | 60 | 65 | 65 | 66 | 67 | 69 |
| | O | 61 | 57 | 67 | 66 | 66 | 69 | 70 |
| Medical care cost recovery fund: | | | | | | | | |
| Outlays | 703 O | 1 | | | | | | |
| Public Enterprise Funds: | | | | | | | | |
| Medical facilities revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 703 BA | 3 | 3 | 3 | 3 | 3 | 4 | 4 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 3 | 5 | 5 | 5 | 5 | 5 | 6 |
| Medical facilities revolving fund (gross) | BA | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| | O | 3 | 5 | 5 | 5 | 5 | 5 | 6 |
| Total, offsetting collections | | -3 | -3 | -3 | -3 | -3 | -4 | -4 |
| Total Medical facilities revolving fund (net) | BA | | | | | | | |
| | O | | 2 | 2 | 2 | 2 | 1 | 2 |
| Canteen service revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 705 BA | 218 | 228 | 229 | 230 | 231 | 232 | 233 |
| Outlays | O | 218 | 228 | 229 | 230 | 231 | 232 | 233 |
| Canteen service revolving fund (gross) | BA | 218 | 228 | 229 | 230 | 231 | 232 | 233 |
| | O | 218 | 228 | 229 | 230 | 231 | 232 | 233 |
| Total, offsetting collections | | -218 | -228 | -229 | -230 | -231 | -232 | -233 |
| Total Canteen service revolving fund (net) | BA | | | | | | | |
| | O | | | | | | | |
| Special therapeutic and rehabilitation activities fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 703 BA | 40 | 41 | 42 | 43 | 44 | 45 | 46 |
| Outlays | O | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| Special therapeutic and rehabilitation activities fund (gross) | BA | 40 | 41 | 42 | 43 | 44 | 45 | 46 |
| | O | 38 | 39 | 40 | 41 | 42 | 43 | 44 |
| Total, offsetting collections | | -40 | -41 | -42 | -43 | -44 | -45 | -46 |
| Total Special therapeutic and rehabilitation activities fund (net) | BA | | | | | | | |
| | O | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Medical center research organizations: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 703 BA | 105 | 108 | 110 | 113 | 116 | 119 | 123 |
| Outlays | O | 105 | 108 | 110 | 113 | 116 | 119 | 123 |
| Medical center research organizations (gross) | BA | 105 | 108 | 110 | 113 | 116 | 119 | 123 |
| | O | 105 | 108 | 110 | 113 | 116 | 119 | 123 |
| Total, offsetting collections | | -105 | -108 | -110 | -113 | -116 | -119 | -123 |
| Total Medical center research organizations (net) | BA | | | | | | | |
| | O | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| General post fund, national homes: | | | | | | | | |
| Appropriation, mandatory | 705 BA | 33 | 34 | 35 | 35 | 34 | 35 | 36 |
| Outlays | O | 29 | 29 | 31 | 30 | 31 | 33 | 32 |
| Total Federal funds Veterans Health Administration | BA | 18,199 | 19,879 | 21,276 | 21,276 | 21,532 | 22,065 | 22,548 |
| | O | 18,224 | 18,804 | 21,460 | 21,231 | 21,485 | 21,968 | 22,455 |
| Total Trust funds Veterans Health Administration | BA | 33 | 34 | 35 | 35 | 34 | 35 | 36 |
| | O | 29 | 29 | 31 | 30 | 31 | 33 | 32 |

Veterans Benefits Administration

Federal funds

General and Special Funds:

Compensation:

| | | | | | | | | |
|--------------------------------|--------|---------------|----------------|-----------------|---------------|----------------|----------------|----------------|
| Appropriation, mandatory | 701 BA | 18,663 | 18,375 | 19,567 | 20,340 | 20,988 | 21,656 | 22,325 |
| | | | <i>B</i> 1,800 | <i>B</i> -1,795 | <i>B</i> 5 | <i>B</i> -11 | <i>B</i> -29 | <i>B</i> -48 |
| | | | | <i>J</i> 345 | <i>J</i> 769 | <i>J</i> 1,243 | <i>J</i> 1,725 | <i>J</i> 2,216 |
| Outlays | O | 17,963 | 18,957 | 19,672 | 20,324 | 20,972 | 21,639 | 23,830 |
| | | | <i>B</i> 1,800 | <i>B</i> -1,795 | <i>B</i> 5 | <i>B</i> -9 | <i>B</i> -28 | <i>B</i> -47 |
| | | | | <i>J</i> 311 | <i>J</i> 767 | <i>J</i> 1,203 | <i>J</i> 1,685 | <i>J</i> 2,174 |
| Total Compensation | BA | 18,663 | 20,175 | 18,117 | 21,114 | 22,220 | 23,352 | 24,493 |
| | O | 17,963 | 20,757 | 18,188 | 21,096 | 22,166 | 23,296 | 25,957 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------|-------|------------------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Pensions: | | | | | | | | |
| Appropriation, mandatory | 701 BA | 3,085 | 3,063 | 3,066 | 3,066 | 3,566 | 3,586 | 3,629 |
| Spending authority from offsetting collections, mandatory | BA | | 4 | 4 | 3 | ^{B-6} 3 | 3 | 3 |
| Outlays | O | 3,076 | 3,057 | 3,065 | 3,068 | 3,564 | 3,584 | 3,933 |
| | | | | | | ^{B-6} | | |
| Pensions (gross) | BA | 3,085 | 3,067 | 3,070 | 3,069 | 3,563 | 3,589 | 3,632 |
| | O | 3,076 | 3,057 | 3,065 | 3,068 | 3,558 | 3,584 | 3,933 |
| Total, offsetting collections | | | -4 | -4 | -3 | -3 | -3 | -3 |
| Total Pensions (net) | BA | 3,085 | 3,063 | 3,066 | 3,066 | 3,560 | 3,586 | 3,629 |
| | O | 3,076 | 3,053 | 3,061 | 3,065 | 3,555 | 3,581 | 3,930 |
| Burial benefits and miscellaneous assistance: | | | | | | | | |
| Appropriation, mandatory | 701 BA | 109 | 130 | 133 | 128 | 129 | 131 | 131 |
| Outlays | O | 109 | 130 | 133 | 128 | 129 | 131 | 131 |
| Readjustment benefits: | | | | | | | | |
| Appropriation, discretionary | 702 BA | | | -30 | -30 | -30 | -31 | -32 |
| Appropriation, mandatory | BA | 1,175 | 1,469 | 1,664 | 1,674 | 1,664 | 1,665 | 1,683 |
| Spending authority from offsetting collections, mandatory | BA | 187 | 185 | 200 | 208 | 218 | 230 | 240 |
| Outlays | O | 1,632 | 1,676 | 1,889 | 1,849 | 1,849 | 1,862 | 1,903 |
| Readjustment benefits (gross) | BA | 1,362 | 1,654 | 1,834 | 1,852 | 1,852 | 1,864 | 1,891 |
| | O | 1,632 | 1,676 | 1,889 | 1,849 | 1,849 | 1,862 | 1,903 |
| Total, offsetting collections | | | -187 | -185 | -200 | -208 | -218 | -230 |
| Total Readjustment benefits (net) | BA | 1,175 | 1,469 | 1,634 | 1,644 | 1,634 | 1,634 | 1,651 |
| | O | 1,445 | 1,491 | 1,689 | 1,641 | 1,631 | 1,632 | 1,663 |
| Reinstated entitlement program for survivors under Public Law 97-377: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 701 BA | 19 | 15 | 13 | 12 | 11 | 9 | 8 |
| Outlays | O | 19 | 16 | 13 | 12 | 11 | 9 | 8 |
| Reinstated entitlement program for survivors under Public Law 97-377 (gross) | BA | 19 | 15 | 13 | 12 | 11 | 9 | 8 |
| | O | 19 | 16 | 13 | 12 | 11 | 9 | 8 |
| Total, offsetting collections | | | -19 | -15 | -13 | -12 | -11 | -8 |
| Total Reinstated entitlement program for survivors under Public Law 97-377 (net) | BA | | | | | | | |
| | O | | 1 | | | | | |
| Veterans insurance and indemnities: | | | | | | | | |
| Appropriation, mandatory | 701 BA | 46 | 29 | 20 | 36 | 36 | 36 | 38 |
| Spending authority from offsetting collections, mandatory | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 47 | 31 | 22 | 38 | 38 | 38 | 40 |
| Veterans insurance and indemnities (gross) | BA | 48 | 31 | 22 | 38 | 38 | 38 | 40 |
| | O | 47 | 31 | 22 | 38 | 38 | 38 | 40 |
| Total, offsetting collections | | | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Veterans insurance and indemnities (net) | BA | 46 | 29 | 20 | 36 | 36 | 36 | 38 |
| | O | 45 | 29 | 20 | 36 | 36 | 36 | 38 |
| Public Enterprise Funds: | | | | | | | | |
| Service-disabled veterans insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 701 BA | 61 | 71 | 68 | 68 | 68 | 69 | 70 |
| Outlays | O | 61 | 72 | 68 | 73 | 73 | 74 | 75 |
| Service-disabled veterans insurance fund (gross) | BA | 61 | 71 | 68 | 68 | 68 | 69 | 70 |
| | O | 61 | 72 | 68 | 73 | 73 | 74 | 75 |
| Total, offsetting collections | | | -71 | -59 | -50 | -68 | -69 | -70 |
| Total Service-disabled veterans insurance fund (net) | BA | -10 | 12 | 18 | | | | |
| | O | -10 | 13 | 18 | 5 | 5 | 5 | 5 |
| Veterans reopened insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 701 BA | 72 | 73 | 72 | 72 | 70 | 68 | 67 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 68 | 72 | 72 | 71 | 69 | 66 | 61 |
| Veterans reopened insurance fund (gross) | BA | 72 | 73 | 72 | 72 | 70 | 68 | 67 |
| | O | 68 | 72 | 72 | 71 | 69 | 66 | 61 |
| Total, offsetting collections | | -62 | -59 | -56 | -53 | -50 | -47 | -44 |
| Total Veterans reopened insurance fund (net) | BA | 10 | 14 | 16 | 19 | 20 | 21 | 23 |
| | O | 6 | 13 | 16 | 18 | 19 | 19 | 17 |
| Servicemembers' group life insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 701 BA | 402 | 399 | 397 | 395 | 394 | 393 | 392 |
| Outlays | O | 402 | 399 | 397 | 395 | 394 | 393 | 392 |
| Servicemembers' group life insurance fund (gross) | BA | 402 | 399 | 397 | 395 | 394 | 393 | 392 |
| | O | 402 | 399 | 397 | 395 | 394 | 393 | 392 |
| Total, offsetting collections | | -402 | -399 | -397 | -395 | -394 | -393 | -392 |
| Total Servicemembers' group life insurance fund (net) | BA | | | | | | | |
| | O | | | | | | | |
| Credit Accounts: | | | | | | | | |
| Veterans housing benefit program fund program account: | | | | | | | | |
| Appropriation, discretionary | 704 BA | 159 | 157 | 166 | 166 | 168 | 172 | 176 |
| Appropriation, mandatory | BA | 1,389 | 1,310 | 166 | 139 | 320 | 342 | 349 |
| | | | | | | <i>B -168</i> | <i>B -167</i> | <i>B -176</i> |
| Outlays | O | 1,548 | 1,467 | 332 | 305 | 488 | 514 | 525 |
| | | | | | | <i>B -168</i> | <i>B -167</i> | <i>B -176</i> |
| Total Veterans housing benefit program fund program account | BA | 1,548 | 1,467 | 332 | 305 | 320 | 347 | 349 |
| | O | 1,548 | 1,467 | 332 | 305 | 320 | 347 | 349 |
| Veterans Housing Benefit Program Fund Liquidating Account: | | | | | | | | |
| Appropriation, mandatory | 704 BA | 154 | | | | | | |
| Spending authority from offsetting collections, mandatory | BA | 784 | 514 | 440 | 378 | 320 | 269 | 225 |
| Outlays | O | 330 | 376 | 350 | 314 | 272 | 231 | 194 |
| Veterans Housing Benefit Program Fund Liquidating Account (gross) | BA | 938 | 514 | 440 | 378 | 320 | 269 | 225 |
| | O | 330 | 376 | 350 | 314 | 272 | 231 | 194 |
| Change in receivables and unpaid, unfilled orders | BA | -84 | | | | | | |
| Total, offsetting collections | | -700 | -514 | -440 | -378 | -320 | -269 | -225 |
| Total Veterans Housing Benefit Program Fund Liquidating Account (net) | BA | 154 | | | | | | |
| | O | -370 | -138 | -90 | -64 | -48 | -38 | -31 |
| Miscellaneous veterans housing loans program account: | | | | | | | | |
| Appropriation, discretionary | 704 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Appropriation, mandatory | BA | 3 | 45 | | | | | |
| Outlays | O | 1 | 11 | 7 | 11 | 11 | 14 | 1 |
| Total Miscellaneous veterans housing loans program account | BA | 4 | 46 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 11 | 7 | 11 | 11 | 14 | 1 |
| Miscellaneous Veterans Programs loan fund program account: | | | | | | | | |
| Appropriation, discretionary | 702 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Limitation on direct loan activity | | (2) | (3) | (3) | (3) | (3) | (3) | (3) |
| <i>Trust funds</i> | | | | | | | | |
| Post-Vietnam era veterans education account: | | | | | | | | |
| Appropriation, mandatory | 702 BA | 5 | 2 | 1 | 1 | 1 | 2 | 2 |
| Outlays | O | 20 | 20 | 18 | 17 | 17 | 16 | 16 |
| National Service Life Insurance fund: | | | | | | | | |
| Appropriation, mandatory | 701 BA | 1,146 | 1,098 | 1,059 | 1,014 | 961 | 908 | 851 |
| Spending authority from offsetting collections, mandatory | BA | 634 | 700 | 725 | 758 | 788 | 814 | 837 |
| Outlays | O | 1,732 | 1,756 | 1,759 | 1,755 | 1,742 | 1,727 | 1,704 |
| National Service Life Insurance fund (gross) | BA | 1,780 | 1,798 | 1,784 | 1,772 | 1,749 | 1,722 | 1,688 |
| | O | 1,732 | 1,756 | 1,759 | 1,755 | 1,742 | 1,727 | 1,704 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -531 | -497 | -492 | -472 | -451 | -424 | -401 |
| Total National Service Life Insurance fund (net) | BA | 1,249 | 1,301 | 1,292 | 1,300 | 1,298 | 1,298 | 1,287 |
| | O | 1,201 | 1,259 | 1,267 | 1,283 | 1,291 | 1,303 | 1,303 |
| United States government life insurance fund: | | | | | | | | |
| Appropriation, mandatory | 701 BA | 6 | 5 | 5 | 4 | 4 | 3 | 3 |
| Spending authority from offsetting collections, mandatory | BA | 6 | 6 | 6 | 7 | 6 | 6 | 5 |
| Outlays | O | 12 | 12 | 12 | 11 | 11 | 10 | 9 |
| United States government life insurance fund (gross) | BA | 12 | 11 | 11 | 11 | 10 | 9 | 8 |
| | O | 12 | 12 | 12 | 11 | 11 | 10 | 9 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total United States government life insurance fund (net) | BA | 11 | 10 | 10 | 10 | 9 | 8 | 7 |
| | O | 11 | 11 | 11 | 10 | 10 | 9 | 8 |
| Veterans special life insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 701 BA | 220 | 223 | 214 | 214 | 226 | 229 | 226 |
| Outlays | O | 201 | 207 | 199 | 268 | 250 | 239 | 233 |
| Veterans special life insurance fund (gross) | BA | 220 | 223 | 214 | 214 | 226 | 229 | 226 |
| | O | 201 | 207 | 199 | 268 | 250 | 239 | 233 |
| Total, offsetting collections | | -239 | -238 | -236 | -234 | -232 | -228 | -224 |
| Total Veterans special life insurance fund (net) | BA | -19 | -15 | -22 | -20 | -6 | 1 | 2 |
| | O | -38 | -31 | -37 | 34 | 18 | 11 | 9 |
| Total Federal funds Veterans Benefits Administration | BA | 24,785 | 26,406 | 23,338 | 26,314 | 27,921 | 29,109 | 30,316 |
| | O | 23,814 | 26,828 | 23,375 | 26,242 | 27,825 | 29,024 | 32,061 |
| Total Trust funds Veterans Benefits Administration | BA | 1,246 | 1,298 | 1,281 | 1,291 | 1,302 | 1,309 | 1,298 |
| | O | 1,194 | 1,259 | 1,259 | 1,344 | 1,336 | 1,339 | 1,336 |

Construction

Federal funds

General and Special Funds:

Construction, major projects:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|----|----|----|
| Appropriation, discretionary | 703 BA | 142 | 65 | 62 | 62 | 63 | 64 | 66 |
| Outlays | O | 290 | 184 | 142 | 100 | 74 | 66 | 64 |

Construction, minor projects:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 703 BA | 175 | 160 | 162 | 162 | 164 | 168 | 172 |
| Outlays | O | 176 | 171 | 166 | 162 | 163 | 165 | 168 |

Grants for construction of State extended care facilities:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 703 BA | 90 | 90 | 60 | 60 | 61 | 62 | 64 |
| Outlays | O | 40 | 64 | 85 | 86 | 76 | 60 | 61 |

Grants for the construction of State veterans cemeteries:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 705 BA | 10 | 25 | 25 | 25 | 25 | 26 | 26 |
| Outlays | O | 4 | 8 | 17 | 21 | 25 | 25 | 26 |

Public Enterprise Funds:

Parking revolving fund:

| | | | | | | | | |
|---|--------|----|---|---|---|---|---|---|
| Spending authority from offsetting collections, discretionary | 703 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 15 | 7 | 7 | 5 | 4 | 3 | 3 |

| | | | | | | | | |
|--------------------------------------|----|----|---|---|---|---|---|---|
| Parking revolving fund (gross) | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 15 | 7 | 7 | 5 | 4 | 3 | 3 |

| | | | | | | | | |
|-------------------------------------|--|----|----|----|----|----|----|----|
| Total, offsetting collections | | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
|-------------------------------------|--|----|----|----|----|----|----|----|

| | | | | | | | | |
|--|----|----|---|---|---|---|---|---|
| Total Parking revolving fund (net) | BA | 12 | 4 | 4 | 2 | 1 | 1 | 1 |
| | O | 12 | 4 | 4 | 2 | 1 | 1 | 1 |

| | | | | | | | | |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Federal funds Construction | BA | 417 | 340 | 309 | 309 | 313 | 320 | 328 |
| | O | 522 | 431 | 414 | 371 | 339 | 316 | 319 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Departmental Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| General operating expenses: | | | | | | | | |
| Appropriation, discretionary | 705 BA | 882 | 941 | 1,062 | 1,062 | 1,075 | 1,101 | 1,126 |
| Spending authority from offsetting collections, discretionary | BA | 295 | 315 | 296 | 296 | 300 | 307 | 314 |
| Outlays | O | 1,162 | 1,260 | 1,369 | 1,358 | 1,373 | 1,405 | 1,436 |
| General operating expenses (gross) | BA | 1,177 | 1,256 | 1,358 | 1,358 | 1,375 | 1,408 | 1,440 |
| | O | 1,162 | 1,260 | 1,369 | 1,358 | 1,373 | 1,405 | 1,436 |
| Total, offsetting collections | | -295 | -315 | -296 | -296 | -300 | -307 | -314 |
| Total General operating expenses (net) | BA | 882 | 941 | 1,062 | 1,062 | 1,075 | 1,101 | 1,126 |
| | O | 867 | 945 | 1,073 | 1,062 | 1,073 | 1,098 | 1,122 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 705 BA | 36 | 43 | 46 | 46 | 47 | 48 | 49 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 37 | 45 | 50 | 49 | 55 | 56 | 57 |
| Office of Inspector General (gross) | BA | 38 | 46 | 49 | 49 | 50 | 51 | 52 |
| | O | 37 | 45 | 50 | 49 | 55 | 56 | 57 |
| Total, offsetting collections | | -2 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Office of Inspector General (net) | BA | 36 | 43 | 46 | 46 | 47 | 48 | 49 |
| | O | 35 | 42 | 47 | 46 | 52 | 53 | 54 |
| National Cemetery Administration: | | | | | | | | |
| Appropriation, discretionary | 705 BA | 92 | 97 | 110 | 110 | 111 | 114 | 117 |
| Outlays | O | 89 | 94 | 111 | 110 | 111 | 113 | 117 |
| Intragovernmental Funds: | | | | | | | | |
| Supply fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 705 BA | 495 | 664 | 688 | 688 | 945 | 991 | 1,039 |
| Outlays | O | 546 | 664 | 688 | 688 | 945 | 991 | 1,039 |
| Supply fund (gross) | BA | 495 | 664 | 688 | 688 | 945 | 991 | 1,039 |
| | O | 546 | 664 | 688 | 688 | 945 | 991 | 1,039 |
| Change in receivables and unpaid, unfilled orders | BA | 78 | | | | | | |
| Total, offsetting collections | | -573 | -664 | -688 | -688 | -945 | -991 | -1,039 |
| Total Supply fund (net) | BA | | | | | | | |
| | O | -27 | | | | | | |
| Franchise fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 705 BA | 113 | 135 | 150 | 153 | 156 | 159 | 162 |
| Outlays | O | 111 | 135 | 150 | 153 | 156 | 159 | 162 |
| Franchise fund (gross) | BA | 113 | 135 | 150 | 153 | 156 | 159 | 162 |
| | O | 111 | 135 | 150 | 153 | 156 | 159 | 162 |
| Total, offsetting collections | | -113 | -135 | -150 | -153 | -156 | -159 | -162 |
| Total Franchise fund (net) | BA | | | | | | | |
| | O | -2 | | | | | | |
| Total Federal funds Departmental Administration | BA | 1,010 | 1,081 | 1,218 | 1,218 | 1,233 | 1,263 | 1,292 |
| | O | 962 | 1,081 | 1,231 | 1,218 | 1,236 | 1,264 | 1,293 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 44,411 | 47,706 | 46,141 | 49,117 | 50,999 | 52,757 | 54,484 |
| | O | 43,522 | 47,144 | 46,480 | 49,062 | 50,885 | 52,572 | 56,128 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 703 BA/O | | | -182 | -182 | -184 | -188 | -193 |

DEPARTMENT OF VETERANS AFFAIRS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|-----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Proprietary receipts from the public | 702 BA/O | -168 | -186 | -189 | -190 | -190 | -192 | -191 |
| | 703 BA/O | -574 | -600 | -776 | -776 | -784 | -805 | -822 |
| | 704 BA/O | -619 | -730 | | | | | |
| Total Federal funds | BA | 43,050 | 46,190 | 44,994 | 47,969 | 49,841 | 51,572 | 53,278 |
| | O | 42,161 | 45,628 | 45,333 | 47,914 | 49,727 | 51,387 | 54,922 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 1,279 | 1,332 | 1,316 | 1,326 | 1,336 | 1,344 | 1,334 |
| | O | 1,223 | 1,288 | 1,290 | 1,374 | 1,367 | 1,372 | 1,368 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 701 BA/O | -204 | -189 | -179 | -168 | -157 | -145 | -133 |
| | 702 BA/O | -3 | -2 | -1 | | | | |
| Total Trust funds | BA | 1,072 | 1,141 | 1,136 | 1,158 | 1,179 | 1,199 | 1,201 |
| | O | 1,016 | 1,097 | 1,110 | 1,206 | 1,210 | 1,227 | 1,235 |
| Interfund transactions | 701 BA/O | -6 | -2 | -1 | -1 | -1 | -1 | -1 |
| | 702 BA/O | -3 | | | -1 | -2 | -2 | -2 |
| Total Department of Veterans Affairs | BA | 44,113 | 47,329 | 46,129 | 49,125 | 51,017 | 52,768 | 54,476 |
| | O | 43,168 | 46,723 | 46,442 | 49,118 | 50,934 | 52,611 | 56,154 |

CORPS OF ENGINEERS
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| General investigations: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 161 | 161 | 138 | 138 | 140 | 143 | 146 |
| | | | ^ 7 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 17 | 20 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 168 | 188 | 167 | 158 | 159 | 163 | 166 |
| | | | ^ 7 | | | | | |
| General investigations (gross) | BA | 178 | 188 | 158 | 158 | 160 | 164 | 167 |
| | O | 168 | 195 | 167 | 158 | 159 | 163 | 166 |
| Change in receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Total, offsetting collections | | -13 | -20 | -20 | -20 | -20 | -21 | -21 |
| Total General investigations (net) | BA | 161 | 168 | 138 | 138 | 140 | 143 | 146 |
| | O | 155 | 175 | 147 | 138 | 139 | 142 | 145 |
| Construction, general: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 1,375 | 1,288 | 1,272 | 1,272 | 1,287 | 1,319 | 1,348 |
| Spending authority from offsetting collections, discretionary | BA | 515 | 429 | 424 | 424 | 429 | 440 | 449 |
| Outlays | O | 1,701 | 1,928 | 1,702 | 1,696 | 1,710 | 1,747 | 1,786 |
| | | | | J -2 | | | | |
| Construction, general (gross) | BA | 1,890 | 1,717 | 1,696 | 1,696 | 1,716 | 1,759 | 1,797 |
| | O | 1,701 | 1,928 | 1,700 | 1,696 | 1,710 | 1,747 | 1,786 |
| Change in receivables and unpaid, unfilled orders | BA | -60 | | | | | | |
| Total, offsetting collections | | -455 | -429 | -424 | -424 | -429 | -440 | -449 |
| Total Construction, general (net) | BA | 1,375 | 1,288 | 1,272 | 1,272 | 1,287 | 1,319 | 1,348 |
| | O | 1,246 | 1,499 | 1,276 | 1,272 | 1,281 | 1,307 | 1,337 |
| Operation and maintenance, general | | | | | | | | |
| (Water resources): | | | | | | | | |
| (Appropriation, discretionary) | 301 BA | 1,617 | 1,116 | 1,120 | 1,120 | 1,133 | 1,162 | 1,187 |
| | | | ^ 19 | | | | | |
| | | | | J 700 | J 700 | J 708 | J 726 | J 742 |
| (Spending authority from offsetting collections, discretionary) | BA | 236 | 842 | 838 | 838 | 848 | 869 | 888 |
| | | | | J -700 | J -700 | J -708 | J -726 | J -742 |

CORPS OF ENGINEERS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 1,866 | 2,042 ^ 19 | 1,957 | 1,958 | 1,978 | 2,023 | 2,068 |
| | | | | ^ -175 | | ^ -2 | ^ -5 | ^ -5 |
| Operation and maintenance, general (gross) | BA | 1,853 | 1,977 | 1,958 | 1,958 | 1,981 | 2,031 | 2,075 |
| | O | 1,866 | 2,061 | 1,782 | 1,958 | 1,976 | 2,018 | 2,063 |
| Total, offsetting collections | | -236 | -842 | -838 ^ 700 | -838 ^ 700 | -848 ^ 708 | -869 ^ 726 | -888 ^ 742 |
| Total (Water resources) (net) | BA | 1,617 | 1,135 | 1,820 | 1,820 | 1,841 | 1,888 | 1,929 |
| | O | 1,630 | 1,219 | 1,644 | 1,820 | 1,836 | 1,875 | 1,917 |
| (Recreational resources): | | | | | | | | |
| (Appropriation, discretionary) | 303 BA | 36 | 33 | 34 | 34 | 34 | 35 | 36 |
| (Outlays) | O | 36 | 33 | 34 | 34 | 34 | 35 | 36 |
| Total Operation and maintenance, general | BA | 1,653 | 1,168 | 1,854 | 1,854 | 1,875 | 1,923 | 1,965 |
| | O | 1,666 | 1,252 | 1,678 | 1,854 | 1,870 | 1,910 | 1,953 |
| Regulatory program: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 106 | 117 | 125 | 125 | 127 | 130 | 132 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 106 | 121 | 126 | 126 | 127 | 130 | 133 |
| Regulatory program (gross) | BA | 107 | 118 | 126 | 126 | 128 | 131 | 133 |
| | O | 106 | 121 | 126 | 126 | 127 | 130 | 133 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Regulatory program (net) | BA | 106 | 117 | 125 | 125 | 127 | 130 | 132 |
| | O | 105 | 120 | 125 | 125 | 126 | 129 | 132 |
| Flood control and coastal emergencies: | | | | | | | | |
| Appropriation, discretionary | 301 BA | -5 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | -418 | 100 | 100 | 100 | 101 | 104 | 106 |
| Outlays | O | 321 | 114 | 114 | 114 | 115 | 118 | 120 |
| Flood control and coastal emergencies (gross) | BA | -423 | 100 | 100 | 100 | 101 | 104 | 106 |
| | O | 321 | 114 | 114 | 114 | 115 | 118 | 120 |
| Change in receivables and unpaid, unfilled orders | BA | 577 | | | | | | |
| Total, offsetting collections | | -159 | -100 | -100 | -100 | -101 | -104 | -106 |
| Total Flood control and coastal emergencies (net) | BA | -5 | | | | | | |
| | O | 162 | 14 | 14 | 14 | 14 | 14 | 14 |
| Formerly utilized sites remedial action program: | | | | | | | | |
| Appropriation, discretionary | 053 BA | 140 | 150 | 140 | 140 | 142 | 145 | 148 |
| Spending authority from offsetting collections, discretionary | BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 163 | 164 | 155 | 150 | 151 | 154 | 158 |
| Formerly utilized sites remedial action program (gross) | BA | 150 | 160 | 150 | 150 | 152 | 155 | 159 |
| | O | 163 | 164 | 155 | 150 | 151 | 154 | 158 |
| Total, offsetting collections | | -10 | -10 | -10 | -10 | -10 | -10 | -11 |
| Total Formerly utilized sites remedial action program (net) | BA | 140 | 150 | 140 | 140 | 142 | 145 | 148 |
| | O | 153 | 154 | 145 | 140 | 141 | 144 | 147 |
| General expenses: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 148 | 150 | 152 | 152 | 154 | 158 | 161 |
| Outlays | O | 143 | 170 | 149 | 152 | 153 | 157 | 161 |
| Flood control, Mississippi River and tributaries: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 324 | 309 | 309 | 309 | 313 | 320 | 327 |
| Spending authority from offsetting collections, discretionary | BA | 16 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 345 | 287 | 310 | 310 | 313 | 319 | 327 |
| Flood control, Mississippi River and tributaries (gross) | BA | 340 | 310 | 310 | 310 | 314 | 321 | 328 |
| | O | 345 | 287 | 310 | 310 | 313 | 319 | 327 |
| Change in receivables and unpaid, unfilled orders | BA | -8 | | | | | | |

CORPS OF ENGINEERS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|----------|----------------|--------------|----------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -8 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Flood control, Mississippi River and tributaries (net) | BA | 324 | 309 | 309 | 309 | 313 | 320 | 327 |
| | O | 337 | 286 | 309 | 309 | 312 | 318 | 326 |
| Payment to the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund: | | | | | | | | |
| Appropriation, mandatory | 306 BA | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Outlays | O | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Washington aqueduct: | | | | | | | | |
| Authority to borrow, mandatory | 301 BA | 22 | | | | | | |
| Outlays | O | 30 | 33 | | | | | |
| Washington aqueduct (gross) | BA | 22 | | | | | | |
| | O | 30 | 33 | | | | | |
| Total, offsetting collections | | -11 | -17 | -6 | | | | |
| Total Washington aqueduct (net) | BA | 11 | -17 | -6 | | | | |
| | O | 19 | 16 | -6 | | | | |
| Permanent appropriations | | | | | | | | |
| (Water resources): | | | | | | | | |
| (Appropriation, mandatory) | 301 BA | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| (Outlays) | O | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| (General purpose fiscal assistance): | | | | | | | | |
| (Appropriation, mandatory) | 806 BA | 11 | 9 | 9 | 9 | 9 | 10 | 10 |
| (Outlays) | O | 12 | 9 | 9 | 9 | 9 | 10 | 10 |
| Total Permanent appropriations | BA | 18 | 16 | 16 | 16 | 17 | 18 | 18 |
| | O | 19 | 16 | 16 | 16 | 17 | 18 | 18 |
| Intragovernmental Funds: | | | | | | | | |
| Revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 301 BA | 3,306 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 |
| Outlays | O | 3,264 | 3,045 | 3,045 | 3,050 | 3,050 | 3,050 | 3,050 |
| Revolving fund (gross) | BA | 3,306 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 | 3,050 |
| | O | 3,264 | 3,045 | 3,045 | 3,050 | 3,050 | 3,050 | 3,050 |
| Change in receivables and unpaid, unfilled orders | BA | 37 | | | | | | |
| Total, offsetting collections | | -3,343 | -3,050 | -3,050 | -3,050 | -3,050 | -3,050 | -3,050 |
| Total Revolving fund (net) | BA | | | | | | | |
| | O | -79 | -5 | -5 | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Inland waterways trust fund: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 88 | 75 | 74 | 74 | 75 | 77 | 78 |
| Outlays | O | 88 | 75 | 74 | 74 | 75 | 77 | 78 |
| Rivers and harbors contributed funds: | | | | | | | | |
| Appropriation, mandatory | 301 BA | 293 | 258 | 280 | 315 | 323 | 331 | 344 |
| Outlays | O | 252 | 258 | 280 | 315 | 323 | 331 | 344 |
| Harbor maintenance trust fund: | | | | | | | | |
| Appropriation, discretionary | 301 BA | 103 | 714 | 705 | 705 | 713 | 731 | 747 |
| | | | | <i>J</i> 1,053 | <i>J</i> -705 | <i>J</i> -713 | <i>J</i> -731 | <i>J</i> -747 |
| Outlays | O | 281 | 714 | 705 | 705 | 713 | 731 | 747 |
| | | | | <i>J</i> 1,053 | <i>J</i> -705 | <i>J</i> -713 | <i>J</i> -731 | <i>J</i> -747 |
| Total Harbor maintenance trust fund | BA | 103 | 714 | 1,758 | | | | |
| | O | 281 | 714 | 1,758 | | | | |
| Coastal wetlands restoration trust fund: | | | | | | | | |
| Appropriation, mandatory | 301 BA | 29 | 53 | 51 | 49 | 66 | 34 | 18 |
| Outlays | O | 34 | 53 | 51 | 49 | 66 | 34 | 18 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 3,941 | 3,359 | 4,010 | 4,016 | 4,065 | 4,166 | 4,255 |
| | O | 3,936 | 3,707 | 3,858 | 4,030 | 4,063 | 4,149 | 4,243 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 908 BA/O | | | <i>J</i> -65 | <i>J</i> -79 | <i>J</i> -82 | <i>J</i> -85 | <i>J</i> -87 |

CORPS OF ENGINEERS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Proprietary receipts from the public | 301 BA/O | -7 | -7 | -973 | -970 | -968 | -1,004 | -1,022 |
| | 303 BA/O | -33 | -34 | -34 | -34 | -34 | -34 | -34 |
| Total Federal funds | BA | 3,901 | 3,318 | 2,938 | 2,933 | 2,981 | 3,043 | 3,112 |
| | O | 3,896 | 3,666 | 2,786 | 2,947 | 2,979 | 3,026 | 3,100 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 513 | 1,100 | 2,163 | 438 | 464 | 442 | 440 |
| | O | 655 | 1,100 | 2,163 | 438 | 464 | 442 | 440 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 301 BA/O | -350 | -258 | -280 | -315 | -323 | -331 | -344 |
| Total Trust funds | BA | 163 | 842 | 1,883 | 123 | 141 | 111 | 96 |
| | O | 305 | 842 | 1,883 | 123 | 141 | 111 | 96 |
| Interfund transactions | 301 BA/O | | | -1,758 | | | | |
| | 306 BA/O | -10 | -10 | -10 | -10 | -10 | -10 | -10 |
| Total Corps of Engineers | BA | 4,054 | 4,150 | 3,053 | 3,046 | 3,112 | 3,144 | 3,198 |
| | O | 4,191 | 4,498 | 2,901 | 3,060 | 3,110 | 3,127 | 3,186 |

OTHER DEFENSE CIVIL PROGRAMS
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|-----------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Military Retirement | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to military retirement fund: | | | | | | | | |
| Appropriation, mandatory | 054 BA | 15,250 | 15,302 | 15,914 | 16,551 | 17,213 | 17,901 | 18,618 |
| Outlays | O | 15,250 | 15,302 | 15,914 | 16,551 | 17,213 | 17,901 | 18,618 |
| <i>Trust funds</i> | | | | | | | | |
| Military retirement fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 31,986 | 33,041 | 34,016 | 34,971 | 35,949 | 36,946 | 37,950 |
| Outlays | O | 31,889 | 32,941 | 33,914 | 34,866 | 35,840 | 36,835 | 37,836 |
| Educational Benefits | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Education benefits fund: | | | | | | | | |
| Appropriation, mandatory | 702 BA | 179 | 225 | 228 | 238 | 251 | 265 | 278 |
| Outlays | O | 178 | 225 | 228 | 238 | 251 | 265 | 278 |
| American Battle Monuments commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 705 BA | 26 | 28 | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | 27 | 24 | 27 | 26 | 26 | 27 | 27 |
| <i>Trust funds</i> | | | | | | | | |
| Contributions: | | | | | | | | |
| Appropriation, mandatory | 705 BA | 14 | 90 | 11 | 10 | 2 | 1 | 1 |
| Outlays | O | 14 | 90 | 11 | | | | |
| Armed Forces Retirement Home | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Armed forces retirement home: | | | | | | | | |
| Appropriation, discretionary | 602 BA | 71 | 68 | 70 | 64 | 71 | 72 | 75 |
| Advance appropriation, discretionary | BA | | | | 6 | | | |
| Outlays | O | 73 | 64 | 70 | 67 | 70 | 73 | 74 |
| Total Armed forces retirement home | BA | 71 | 68 | 70 | 70 | 71 | 72 | 75 |
| | O | 73 | 64 | 70 | 67 | 70 | 73 | 74 |

OTHER DEFENSE CIVIL PROGRAMS—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|---------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Cemeterial Expenses | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 705 BA | 12 | 12 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | 13 | 9 | 15 | 16 | 16 | 16 | 17 |
| Forest and Wildlife Conservation, Military Reservations | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Forest products program: | | | | | | | | |
| Appropriation, mandatory | 302 BA | -2 | | | | | | |
| Wildlife conservation: | | | | | | | | |
| Appropriation, mandatory | 303 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Federal funds Forest and Wildlife Conservation, Military Reservations | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Selective Service System | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 054 BA | 26 | 24 | 24 | 24 | 24 | 25 | 25 |
| Outlays | O | 26 | 23 | 23 | 24 | 24 | 25 | 25 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 15,314 | 15,368 | 15,982 | 16,619 | 17,281 | 17,972 | 18,690 |
| | O | 15,318 | 15,360 | 15,981 | 16,619 | 17,281 | 17,971 | 18,689 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 303 BA/O | 1 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Federal funds | BA | 15,315 | 15,366 | 15,980 | 16,617 | 17,279 | 17,970 | 18,688 |
| | O | 15,319 | 15,358 | 15,979 | 16,617 | 17,279 | 17,969 | 18,687 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 32,250 | 33,424 | 34,325 | 35,289 | 36,273 | 37,284 | 38,304 |
| | O | 32,154 | 33,320 | 34,223 | 35,171 | 36,161 | 37,173 | 38,188 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 602 BA/O | -12 | -75 | -18 | -18 | -18 | -18 | -18 |
| Total Trust funds | BA | 32,238 | 33,349 | 34,307 | 35,271 | 36,255 | 37,266 | 38,286 |
| | O | 32,142 | 33,245 | 34,205 | 35,153 | 36,143 | 37,155 | 38,170 |
| Interfund transactions | | | | | | | | |
| | 054 BA/O | -15,250 | -15,302 | -15,914 | -16,551 | -17,213 | -17,901 | -18,618 |
| | 702 BA/O | -197 | -293 | -300 | -300 | -300 | -300 | -300 |
| Total Other Defense Civil Programs | BA | 32,106 | 33,120 | 34,073 | 35,037 | 36,021 | 37,035 | 38,056 |
| | O | 32,014 | 33,008 | 33,970 | 34,919 | 35,909 | 36,923 | 37,939 |

ENVIRONMENTAL PROTECTION AGENCY
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|------|------|------|------|----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 31 | 32 | 34 | 34 | 34 | 35 | 36 |
| Spending authority from offsetting collections, discretionary | BA | 12 | 11 | 12 | 12 | 12 | 12 | 13 |

ENVIRONMENTAL PROTECTION AGENCY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 42 | 43 | 46 | 46 | 47 | 48 | 49 |
| Office of the Inspector General (gross) | BA | 43 | 43 | 46 | 46 | 46 | 47 | 49 |
| | O | 42 | 43 | 46 | 46 | 47 | 48 | 49 |
| Total, offsetting collections | | -12 | -11 | -12 | -12 | -12 | -12 | -13 |
| Total Office of the Inspector General (net) | BA | 31 | 32 | 34 | 34 | 34 | 35 | 36 |
| | O | 30 | 32 | 34 | 34 | 35 | 36 | 36 |
| Science and technology: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 661 | 643 | 674 | 674 | 683 | 699 | 715 |
| Spending authority from offsetting collections, discretionary | BA | 47 | 30 | 30 | 30 | 30 | 31 | 32 |
| Outlays | O | 650 | 689 | 694 | 703 | 708 | 720 | 738 |
| Science and technology (gross) | BA | 708 | 673 | 704 | 704 | 713 | 730 | 747 |
| | O | 650 | 689 | 694 | 703 | 708 | 720 | 738 |
| Change in receivables and unpaid, unfilled orders | BA | -4 | | | | | | |
| Total, offsetting collections | | -43 | -30 | -30 | -30 | -30 | -31 | -32 |
| Total Science and technology (net) | BA | 661 | 643 | 674 | 674 | 683 | 699 | 715 |
| | O | 607 | 659 | 664 | 673 | 678 | 689 | 706 |
| Environmental Programs and Management: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 1,853 | 1,895 | 2,099 | 2,099 | 2,124 | 2,177 | 2,224 |
| Spending authority from offsetting collections, discretionary | BA | 48 | 45 | 45 | 45 | 46 | 47 | 48 |
| Outlays | O | 1,912 | 1,941 | 2,062 | 2,125 | 2,158 | 2,202 | 2,251 |
| Environmental Programs and Management (gross) | BA | 1,901 | 1,940 | 2,144 | 2,144 | 2,170 | 2,224 | 2,272 |
| | O | 1,912 | 1,941 | 2,062 | 2,125 | 2,158 | 2,202 | 2,251 |
| Change in receivables and unpaid, unfilled orders | BA | -9 | | | | | | |
| Total, offsetting collections | | -39 | -45 | -45 | -45 | -46 | -47 | -48 |
| Total Environmental Programs and Management (net) | BA | 1,853 | 1,895 | 2,099 | 2,099 | 2,124 | 2,177 | 2,224 |
| | O | 1,873 | 1,896 | 2,017 | 2,080 | 2,112 | 2,155 | 2,203 |
| Buildings and facilities: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 57 | 62 | 24 | 24 | 24 | 25 | 26 |
| Outlays | O | 151 | 112 | 68 | 40 | 27 | 24 | 25 |
| State and Tribal Assistance Grants: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 3,408 | 3,446 | 2,907 | 2,907 | 2,943 | 3,016 | 3,081 |
| Spending authority from offsetting collections, discretionary | BA | 7 | | | | | | |
| Outlays | O | 2,752 | 3,064 | 3,400 | 3,304 | 3,154 | 3,056 | 3,022 |
| State and Tribal Assistance Grants (gross) | BA | 3,415 | 3,446 | 2,907 | 2,907 | 2,943 | 3,016 | 3,081 |
| | O | 2,752 | 3,064 | 3,400 | 3,304 | 3,154 | 3,056 | 3,022 |
| Total, offsetting collections | | -7 | | | | | | |
| Total State and Tribal Assistance Grants (net) | BA | 3,408 | 3,446 | 2,907 | 2,907 | 2,943 | 3,016 | 3,081 |
| | O | 2,745 | 3,064 | 3,400 | 3,304 | 3,154 | 3,056 | 3,022 |
| Payment to the hazardous substance superfund: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 325 | 700 | 250 | 250 | 253 | 259 | 265 |
| Outlays | O | 325 | 700 | 250 | 250 | 253 | 259 | 265 |
| Public Enterprise Funds: | | | | | | | | |
| Reregistration and expedited processing revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 304 BA | 18 | 18 | 42 | 53 | 30 | 20 | 20 |
| Outlays | O | 22 | 18 | 15 | 23 | 20 | 20 | 20 |
| Reregistration and expedited processing revolving fund (gross) | BA | 18 | 18 | 42 | 53 | 30 | 20 | 20 |
| | O | 22 | 18 | 15 | 23 | 20 | 20 | 20 |
| Total, offsetting collections | | -18 | -18 | -42 | -53 | -30 | -20 | -20 |
| Total Reregistration and expedited processing revolving fund (net) | BA | 4 | | | | | | |
| | O | | | -27 | -30 | -10 | | |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 304 BA | 109 | 123 | 125 | 125 | 127 | 130 | 132 |

ENVIRONMENTAL PROTECTION AGENCY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|--------------|------------------|------------------|------------------|------------------|------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 124 | 123 | 125 | 125 | 127 | 130 | 132 |
| Working capital fund (gross) | BA | 109 | 123 | 125 | 125 | 127 | 130 | 132 |
| | O | 124 | 123 | 125 | 125 | 127 | 130 | 132 |
| Change in receivables and unpaid, unfilled orders | BA | 11 | | | | | | |
| Total, offsetting collections | | -120 | -123 | -125 | -125 | -127 | -130 | -132 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | 4 | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Hazardous substance superfund: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 1,492 | 1,400 | 1,450 | 1,450 | 1,467 | 1,503 | 1,537 |
| Appropriation, mandatory | BA |  |  | ^{B} 150 | ^{B} 150 | ^{B} 150 | ^{B} 150 | ^B 150 |
| Spending authority from offsetting collections, discretionary | BA | 139 | 200 | 200 | 200 | 202 | 207 | 212 |
| Outlays | O | 1,717 | 1,679 | 1,627 | 1,638 | 1,689 | 1,753 | 1,809 |
| | | | | ^B 39 | ^B 84 | ^B 108 | ^B 122 | ^B 129 |
| Hazardous substance superfund (gross) | BA | 1,631 | 1,600 | 1,800 | 1,800 | 1,819 | 1,860 | 1,899 |
| | O | 1,717 | 1,679 | 1,666 | 1,722 | 1,797 | 1,875 | 1,938 |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -140 | -200 | -200 | -200 | -202 | -207 | -212 |
| Total Hazardous substance superfund (net) | BA | 1,492 | 1,400 | 1,600 | 1,600 | 1,617 | 1,653 | 1,687 |
| | O | 1,577 | 1,479 | 1,466 | 1,522 | 1,595 | 1,668 | 1,726 |
| Leaking underground storage tank trust fund: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 73 | 70 | 72 | 72 | 73 | 75 | 76 |
| Outlays | O | 65 | 69 | 70 | 71 | 72 | 73 | 75 |
| Oil spill response: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 15 | 15 | 16 | 16 | 16 | 17 | 17 |
| Spending authority from offsetting collections, discretionary | BA | 27 | 26 | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | 38 | 41 | 42 | 42 | 42 | 44 | 45 |
| Oil spill response (gross) | BA | 42 | 41 | 42 | 42 | 42 | 44 | 45 |
| | O | 38 | 41 | 42 | 42 | 42 | 44 | 45 |
| Change in receivables and unpaid, unfilled orders | BA | -13 | | | | | | |
| Total, offsetting collections | | -14 | -26 | -26 | -26 | -26 | -27 | -28 |
| Total Oil spill response (net) | BA | 15 | 15 | 16 | 16 | 16 | 17 | 17 |
| | O | 24 | 15 | 16 | 16 | 16 | 17 | 17 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 6,335 | 6,778 | 5,988 | 5,988 | 6,061 | 6,211 | 6,347 |
| | O | 5,739 | 6,463 | 6,406 | 6,351 | 6,249 | 6,219 | 6,257 |
| Deductions for offsetting receipts: | | | | | | | | |
| Offsetting governmental receipts | 304 BA/O | -10 | -11 | -10 | -10 | -10 | -10 | -10 |
| | | | | ^J -20 | ^J -8 | ^J -8 | ^J -8 | ^J -8 |
| Total Federal funds | BA | 6,325 | 6,767 | 5,958 | 5,970 | 6,043 | 6,193 | 6,329 |
| | O | 5,729 | 6,452 | 6,376 | 6,333 | 6,231 | 6,201 | 6,239 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 1,580 | 1,485 | 1,688 | 1,688 | 1,706 | 1,745 | 1,780 |
| | O | 1,666 | 1,563 | 1,552 | 1,609 | 1,683 | 1,758 | 1,818 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 304 BA/O | -320 | -275 | -225 | -175 | -175 | -175 | -175 |
| Total Trust funds | BA | 1,260 | 1,210 | 1,463 | 1,513 | 1,531 | 1,570 | 1,605 |
| | O | 1,346 | 1,288 | 1,327 | 1,434 | 1,508 | 1,583 | 1,643 |
| Interfund transactions | 304 BA/O | -325 | -700 | -250 | -250 | -253 | -259 | -265 |
| Total Environmental Protection Agency | BA | 7,260 | 7,277 | 7,171 | 7,233 | 7,321 | 7,504 | 7,669 |
| | O | 6,750 | 7,040 | 7,453 | 7,517 | 7,486 | 7,525 | 7,617 |

EXECUTIVE OFFICE OF THE PRESIDENT
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|----------|------|------|------|------|------|----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Compensation of the President and the White House Office | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Compensation of the President and the White House Office: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 53 | 53 | 54 | 54 | 55 | 56 | 57 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | | | | | |
| Outlays | O | 53 | 53 | 55 | 54 | 55 | 56 | 57 |
| <hr/> | | | | | | | | |
| Compensation of the President and the White House Office (gross) | BA | 54 | 54 | 54 | 54 | 55 | 56 | 57 |
| | O | 53 | 53 | 55 | 54 | 55 | 56 | 57 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 1 | | | | | | |
| Total, offsetting collections | | -2 | -1 | | | | | |
| <hr/> | | | | | | | | |
| Total Compensation of the President and the White House Office (net) | BA | 53 | 53 | 54 | 54 | 55 | 56 | 57 |
| | O | 51 | 52 | 55 | 54 | 55 | 56 | 57 |

Executive Residence at the White House

| <i>Federal funds</i> | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| General and Special Funds: | | | | | | | | |
| Operating expenses: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 9 | 9 | 11 | 11 | 11 | 11 | 12 |
| Spending authority from offsetting collections, discretionary | BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 12 | 13 | 15 | 15 | 15 | 15 | 15 |
| <hr/> | | | | | | | | |
| Operating expenses (gross) | BA | 12 | 13 | 15 | 15 | 15 | 15 | 16 |
| | O | 12 | 13 | 15 | 15 | 15 | 15 | 15 |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | -3 | -4 | -4 | -4 | -4 | -4 | -4 |
| <hr/> | | | | | | | | |
| Total Operating expenses (net) | BA | 9 | 9 | 11 | 11 | 11 | 11 | 12 |
| | O | 9 | 9 | 11 | 11 | 11 | 11 | 11 |
| <hr/> | | | | | | | | |
| White house repair and restoration: | | | | | | | | |
| Appropriation, discretionary | 802 BA | | 1 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | | 1 | 4 | 6 | 6 | 7 | 7 |
| <hr/> | | | | | | | | |
| Total Federal funds Executive Residence at the White House | BA | 9 | 10 | 17 | 17 | 17 | 17 | 18 |
| | O | 9 | 10 | 15 | 17 | 17 | 18 | 18 |

Special Assistance to the President and the Official Residence of the Vice President

| <i>Federal funds</i> | | | | | | | | |
|---|--------|---|---|---|---|---|---|---|
| General and Special Funds: | | | | | | | | |
| Special Assistance to the President and the Official Residence of the Vice President: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Council of Economic Advisers

| <i>Federal funds</i> | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 3 | 4 | 4 | 4 | 4 | 4 | 4 |

Council on Environmental Quality and Office of Environmental Quality

| <i>Federal funds</i> | | | | | | | | |
|---|--------|---|---|---|---|---|---|---|
| General and Special Funds: | | | | | | | | |
| Council on Environmental Quality and Office of Environmental Quality: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <hr/> | | | | | | | | |
| Intragovernmental Funds: | | | | | | | | |
| Management fund, Office of Environmental Quality: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 802 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

EXECUTIVE OFFICE OF THE PRESIDENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Management fund, Office of Environmental Quality (gross) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Management fund, Office of Environmental Quality (net) | BA | | | | | | | |
| | O | | | | | | | |
| Total Federal funds Council on Environmental Quality and Office of Environmental Quality | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

Office of Policy Development

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 802 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 4 | 4 | 4 | 5 | 5 | 5 |

National Security Council

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 802 BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

Office of Administration

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 802 BA | 58 | 39 | 44 | 44 | 45 | 46 | 47 |
| Spending authority from offsetting collections, discretionary | BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 46 | 44 | 49 | 50 | 50 | 51 | 53 |
| Salaries and expenses (gross) | BA | 64 | 45 | 50 | 50 | 51 | 52 | 53 |
| | O | 46 | 44 | 49 | 50 | 50 | 51 | 53 |
| Total, offsetting collections | | -6 | -6 | -6 | -6 | -6 | -6 | -6 |
| Total Salaries and expenses (net) | BA | 58 | 39 | 44 | 44 | 45 | 46 | 47 |
| | O | 40 | 38 | 43 | 44 | 44 | 45 | 47 |

Armstrong Resolution

Federal funds

General and Special Funds:

Armstrong resolution account:

| | | | | | | | | |
|---------------|-------|---|---|---|--|--|--|--|
| Outlays | 802 O | 1 | 2 | 1 | | | | |
|---------------|-------|---|---|---|--|--|--|--|

Office of Management and Budget

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 802 BA | 61 | 63 | 69 | 69 | 70 | 72 | 73 |
| Outlays | O | 60 | 63 | 68 | 69 | 70 | 71 | 73 |

EXECUTIVE OFFICE OF THE PRESIDENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Office of National Drug Control Policy | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses | | | | | | | | |
| (Executive direction and management): | | | | | | | | |
| (Appropriation, discretionary) | 802 BA | 21 | 23 | 25 | 25 | 25 | 26 | 26 |
| (Outlays) | O | 23 | 18 | 25 | 25 | 25 | 26 | 26 |
| Total Salaries and expenses | BA | 21 | 23 | 25 | 25 | 25 | 26 | 26 |
| | O | 23 | 18 | 25 | 25 | 25 | 26 | 26 |
| Counterdrug technology assessment center: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 29 | 32 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 28 | 31 | 21 | 20 | 20 | 21 | 21 |
| Total Federal funds Office of National Drug Control Policy | BA | 50 | 55 | 45 | 45 | 45 | 47 | 47 |
| | O | 51 | 49 | 46 | 45 | 45 | 47 | 47 |
| Office of Science and Technology Policy | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Office of science and technology policy: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Office of the United States Trade Representative | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 26 | 26 | 28 | 28 | 28 | 29 | 30 |
| Outlays | O | 26 | 25 | 29 | 28 | 28 | 29 | 29 |
| Unanticipated Needs | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Unanticipated needs: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 31 | 1 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 30 | 1 | 4 | 4 | 4 | 4 | 4 |
| Unanticipated needs for natural disasters: | | | | | | | | |
| Appropriation, discretionary | 453 BA | -10 | | | | | | |
| Information technology systems and related expenses: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 123 | | | | | | |
| Outlays | O | 123 | | | | | | |
| Total Federal funds Unanticipated Needs | BA | 144 | 1 | 4 | 4 | 4 | 4 | 4 |
| | O | 153 | 1 | 4 | 4 | 4 | 4 | 4 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| Total Executive Office of the President | BA | 428 | 274 | 288 | 288 | 291 | 298 | 303 |
| | O | 417 | 267 | 288 | 288 | 291 | 298 | 303 |

FEDERAL EMERGENCY MANAGEMENT AGENCY
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|------------------------------------|--------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Disaster relief: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 2,114 | 2,765 | 2,906 | 2,906 | 2,941 | 3,014 | 3,080 |
| Outlays | O | 3,746 | 2,752 | 1,838 | 1,713 | 1,077 | 989 | 631 |

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Disaster assistance for unmet needs: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 230 | | | | | | |
| Outlays | O | | 74 | 97 | 37 | 11 | 11 | |
| Pre-disaster mitigation: | | | | | | | | |
| Appropriation, discretionary | 453 BA | | | 27 | 27 | 27 | 28 | 29 |
| Outlays | O | | | 14 | 25 | 28 | 28 | 28 |
| Salaries and expenses | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | 25 | 26 | 28 | 28 | 28 | 29 | 30 |
| (Spending authority from offsetting collections, discretionary) | BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| (Outlays) | O | 27 | 30 | 32 | 32 | 32 | 33 | 33 |
| Salaries and expenses (gross) | BA | 28 | 30 | 32 | 32 | 32 | 33 | 34 |
| | O | 27 | 30 | 32 | 32 | 32 | 33 | 33 |
| Total, offsetting collections | | -3 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total (Defense-related activities) (net) | BA | 25 | 26 | 28 | 28 | 28 | 29 | 30 |
| | O | 24 | 26 | 28 | 28 | 28 | 29 | 29 |
| (Disaster relief and insurance): | | | | | | | | |
| (Appropriation, discretionary) | 453 BA | 150 | 156 | 193 | 193 | 195 | 200 | 205 |
| (Spending authority from offsetting collections, discretionary) | BA | | 2 | 2 | 2 | 2 | 2 | 2 |
| (Outlays) | O | 144 | 159 | 189 | 195 | 197 | 201 | 206 |
| Salaries and expenses (gross) | BA | 175 | 184 | 223 | 223 | 225 | 231 | 237 |
| | O | 168 | 185 | 217 | 223 | 225 | 230 | 235 |
| Total, offsetting collections | | | -2 | -2 | -2 | -2 | -2 | -2 |
| Total (Disaster relief and insurance) (net) | BA | 150 | 156 | 193 | 193 | 195 | 200 | 205 |
| | O | 144 | 157 | 187 | 193 | 195 | 199 | 204 |
| Total Salaries and expenses | BA | 175 | 182 | 221 | 221 | 223 | 229 | 235 |
| | O | 168 | 183 | 215 | 221 | 223 | 228 | 233 |
| Emergency management planning and assistance | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | 18 | 20 | 20 | 20 | 20 | 21 | 21 |
| (Spending authority from offsetting collections, discretionary) | BA | 59 | 86 | 36 | 36 | 36 | 37 | 38 |
| (Outlays) | O | 67 | 105 | 56 | 56 | 56 | 57 | 59 |
| Emergency management planning and assistance (gross) | BA | 77 | 106 | 56 | 56 | 56 | 58 | 59 |
| | O | 67 | 105 | 56 | 56 | 56 | 57 | 59 |
| (Change in receivables and unpaid, unfilled orders) | BA | -119 | | | | | | |
| (Adjustment to receivables and unpaid, unfilled orders) | BA | 119 | | | | | | |
| Total, offsetting collections | | -59 | -86 | -36 | -36 | -36 | -37 | -38 |
| Total (Defense-related activities) (net) | BA | 18 | 20 | 20 | 20 | 20 | 21 | 21 |
| | O | 8 | 19 | 20 | 20 | 20 | 20 | 21 |
| (Disaster relief and insurance): | | | | | | | | |
| (Appropriation, discretionary) | 453 BA | 232 | 250 | 256 | 256 | 259 | 265 | 271 |
| (Spending authority from offsetting collections, discretionary) | BA | 2 | 3 | 2 | 2 | 2 | 2 | 2 |
| (Outlays) | O | 98 | 241 | 253 | 258 | 260 | 263 | 269 |
| Emergency management planning and assistance (gross) | BA | 252 | 273 | 278 | 278 | 281 | 288 | 294 |
| | O | 106 | 260 | 273 | 278 | 280 | 283 | 290 |
| Total, offsetting collections | | -2 | -3 | -2 | -2 | -2 | -2 | -2 |
| Total (Disaster relief and insurance) (net) | BA | 232 | 250 | 256 | 256 | 259 | 265 | 271 |
| | O | 96 | 238 | 251 | 256 | 258 | 261 | 267 |
| Total Emergency management planning and assistance | BA | 250 | 270 | 276 | 276 | 279 | 286 | 292 |
| | O | 104 | 257 | 271 | 276 | 278 | 281 | 288 |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 5 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 5 | 8 | 8 | 8 | 8 | 8 | 8 |
| Emergency food and shelter program: | | | | | | | | |
| Appropriation, discretionary | 605 BA | 100 | 110 | 140 | 140 | 142 | 145 | 148 |
| Outlays | O | 100 | 110 | 140 | 140 | 142 | 145 | 148 |

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Radiological emergency preparedness fund: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 13 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | | 13 | 15 | 15 | 15 | 16 | 16 |
| Outlays | O | 10 | 13 | 15 | 15 | 15 | 15 | 16 |
| Radiological emergency preparedness fund (gross) | | | | | | | | |
| | BA | 13 | 13 | 15 | 15 | 15 | 16 | 16 |
| | O | 10 | 13 | 15 | 15 | 15 | 15 | 16 |
| Total, offsetting collections | | -13 | -15 | -15 | -15 | -15 | -16 | -16 |
| Total Radiological emergency preparedness fund (net) | BA | | -2 | | | | | |
| | O | -3 | -2 | | | | -1 | |
| Flood map modernization fund: | | | | | | | | |
| Appropriation, discretionary | 453 BA | | 5 | | | | | |
| Spending authority from offsetting collections, mandatory | BA | | | ^B 104 | ^B 107 | ^B 109 | ^B 112 | ^B 114 |
| Outlays | O | | 2 | 2 | 1 | | | |
| | | | | ^B 47 | ^B 95 | ^B 108 | ^B 110 | ^B 112 |
| Flood map modernization fund (gross) | | | | | | | | |
| | BA | | 5 | 104 | 107 | 109 | 112 | 114 |
| | O | | 2 | 49 | 96 | 108 | 110 | 112 |
| Total, offsetting collections | | | | ^B -104 | ^B -107 | ^B -109 | ^B -112 | ^B -114 |
| Total Flood map modernization fund (net) | BA | | 5 | | | | | |
| | O | | 2 | -55 | -11 | -1 | -2 | -2 |
| Public Enterprise Funds: | | | | | | | | |
| National flood insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 453 BA | 1,282 | 1,309 | 1,360 | 1,741 | 1,857 | 1,989 | 2,132 |
| Outlays | O | 1,350 | 1,270 | 1,319 | 1,359 | 1,396 | 1,443 | 1,494 |
| National flood insurance fund (gross) | | | | | | | | |
| | BA | 1,282 | 1,309 | 1,360 | 1,741 | 1,857 | 1,989 | 2,132 |
| | O | 1,350 | 1,270 | 1,319 | 1,359 | 1,396 | 1,443 | 1,494 |
| Total, offsetting collections | | -1,416 | -1,545 | -1,652 | -1,761 | -1,877 | -2,009 | -2,152 |
| Total National flood insurance fund (net) | BA | -134 | -236 | -292 | -20 | -20 | -20 | -20 |
| | O | -66 | -275 | -333 | -402 | -481 | -566 | -658 |
| National flood mitigation fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 453 BA | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Outlays | O | 8 | 18 | 25 | 24 | 22 | 20 | 20 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 803 BA | 23 | 23 | 31 | 31 | 31 | 32 | 33 |
| Outlays | O | 20 | 24 | 31 | 31 | 31 | 32 | 33 |
| Working capital fund (gross) | | | | | | | | |
| | BA | 23 | 23 | 31 | 31 | 31 | 32 | 33 |
| | O | 20 | 24 | 31 | 31 | 31 | 32 | 33 |
| Total, offsetting collections | | -23 | -23 | -31 | -31 | -31 | -32 | -33 |
| Total Working capital fund (net) | BA | | | | | | | |
| | O | -3 | 1 | | | | | |
| Credit Accounts: | | | | | | | | |
| Disaster assistance direct loan program account: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 7 | 2 | 2 | 2 | 2 | 2 | 2 |
| Appropriation, mandatory | BA | | 68 | | | | | |
| Outlays | O | -14 | 70 | 2 | 2 | 2 | 2 | 2 |
| Limitation on direct loan activity | | (30) | (25) | (25) | (25) | (25) | (26) | (26) |
| Total Disaster assistance direct loan program account | | | | | | | | |
| | BA | 7 | 70 | 2 | 2 | 2 | 2 | 2 |
| | O | -14 | 70 | 2 | 2 | 2 | 2 | 2 |
| Disaster assistance direct loan liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 453 BA | | | | 4 | 7 | 7 | 7 |
| Disaster assistance direct loan liquidating account (gross) | | | | | | | | |
| | BA | | | | 4 | 7 | 7 | 7 |

FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Total, offsetting collections | | -4 | | | -4 | -7 | -7 | -7 |
| Total Disaster assistance direct loan liquidating account (net) | BA O | -4 | | | -4 | -7 | -7 | -7 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 2,763 | 3,192 | 3,308 | 3,580 | 3,622 | 3,712 | 3,794 |
| | O | 4,041 | 3,198 | 2,222 | 2,029 | 1,302 | 1,136 | 691 |
| Deductions for offsetting receipts: | | | | | | | | |
| Offsetting governmental receipts | 453 BA/O | -2 | | | | | | |
| Total Federal Emergency Management Agency | BA O | 2,761 | 3,192 | 3,308 | 3,580 | 3,622 | 3,712 | 3,794 |
| | | 4,039 | 3,198 | 2,222 | 2,029 | 1,302 | 1,136 | 691 |

GENERAL SERVICES ADMINISTRATION
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|---------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Real Property Activities | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Real property relocation: | | | | | | | | |
| Outlays | 804 O | | 11 | | | | | |
| Disposal of surplus real and related personal property: | | | | | | | | |
| Appropriation, mandatory | 804 BA | 5 | 6 | 8 | 7 | 7 | 7 | 8 |
| Outlays | O | 4 | 6 | 8 | 7 | 7 | 7 | 8 |
| Intragovernmental Funds: | | | | | | | | |
| Federal buildings fund: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 450 | 682 | 130 | 115 | 188 | 147 | |
| Advance appropriation, discretionary | BA | | | 219 | 163 | 96 | | |
| Spending authority from offsetting collections, discretionary | BA | 5,751 | 6,471 | 6,523 | 6,731 | 6,915 | 7,016 | 7,235 |
| Outlays | O | 6,274 | 6,703 | 6,758 | 6,952 | 7,215 | 7,387 | 7,455 |
| Limitation on program level (obligations) | | (5,675) | (5,528) | (6,256) | (6,112) | (6,199) | (6,314) | (6,390) |
| Limitation on direct loan activity | | | (14) | | | | | |
| Federal buildings fund (gross) | BA O | 6,201 | 6,471 | 7,205 | 7,080 | 7,193 | 7,300 | 7,382 |
| | | 6,274 | 6,703 | 6,758 | 6,952 | 7,215 | 7,387 | 7,455 |
| Change in receivables and unpaid, unfilled orders | BA | 599 | | | | | | |
| Total, offsetting collections | | -6,494 | -6,525 | -6,460 | -6,707 | -6,872 | -7,042 | -7,216 |
| Total Federal buildings fund (net) | BA O | 306 | -54 | 745 | 373 | 321 | 258 | 166 |
| | | -220 | 178 | 298 | 245 | 343 | 345 | 239 |
| Total Federal funds Real Property Activities | BA O | 311 | -48 | 753 | 380 | 328 | 265 | 174 |
| | | -216 | 195 | 306 | 252 | 350 | 352 | 247 |

Supply and Technology Activities
Federal funds

| | | | | | | | | |
|---|---------|-------|-------|-------|-------|-------|-------|-------|
| General and Special Funds: | | | | | | | | |
| Expenses of transportation audit contracts and contract administration: | | | | | | | | |
| Appropriation, mandatory | 804 BA | 12 | 12 | 13 | 13 | 11 | 10 | 9 |
| Outlays | O | 9 | 12 | 13 | 13 | 11 | 10 | 9 |
| Intragovernmental Funds: | | | | | | | | |
| General supply fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 804 BA | 3,410 | 3,327 | 3,342 | 3,409 | 3,477 | 3,547 | 3,617 |
| Outlays | O | 3,400 | 3,327 | 3,342 | 3,409 | 3,477 | 3,547 | 3,617 |
| General supply fund (gross) | BA O | 3,410 | 3,327 | 3,342 | 3,409 | 3,477 | 3,547 | 3,617 |
| | | 3,400 | 3,327 | 3,342 | 3,409 | 3,477 | 3,547 | 3,617 |
| Change in receivables and unpaid, unfilled orders | BA | 41 | | | | | | |

GENERAL SERVICES ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -3,455 | -3,327 | -3,342 | -3,409 | -3,477 | -3,547 | -3,617 |
| Total General supply fund (net) | BA | -4 | | | | | | |
| | O | -55 | | | | | | |
| Information technology fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 804 BA | 4,866 | 4,302 | 4,278 | 4,278 | 4,329 | 4,437 | 4,534 |
| Outlays | O | 4,176 | 4,407 | 4,310 | 4,278 | 4,333 | 4,431 | 4,534 |
| Information technology fund (gross) | BA | 4,866 | 4,302 | 4,278 | 4,278 | 4,329 | 4,437 | 4,534 |
| | O | 4,176 | 4,407 | 4,310 | 4,278 | 4,333 | 4,431 | 4,534 |
| Change in receivables and unpaid, unfilled orders | BA | -749 | | | | | | |
| Total, offsetting collections | | -4,117 | -4,302 | -4,278 | -4,278 | -4,329 | -4,437 | -4,534 |
| Total Information technology fund (net) | BA | | | | | | | |
| | O | 59 | 105 | 32 | | 4 | -6 | |
| Total Federal funds Supply and Technology Activities | BA | 8 | 12 | 13 | 13 | 11 | 10 | 9 |
| | O | 13 | 117 | 45 | 13 | 15 | 4 | 9 |

General Activities

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|----------------|-----|-----|-----|-----|-----|
| Policy and operations: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 194 | 138 | 145 | 145 | 147 | 150 | 154 |
| | | | ^{A 2} | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 11 | 17 | 21 | 21 | 21 | 22 | 22 |
| Outlays | O | 146 | 214 | 163 | 167 | 167 | 172 | 175 |
| | | | ^{A 2} | | | | | |
| Policy and operations (gross) | BA | 205 | 157 | 166 | 166 | 168 | 172 | 176 |
| | O | 146 | 216 | 163 | 167 | 167 | 172 | 175 |
| Change in receivables and unpaid, unfilled orders | BA | -7 | | | | | | |
| Total, offsetting collections | | -4 | -17 | -21 | -21 | -21 | -22 | -22 |
| Total Policy and operations (net) | BA | 194 | 140 | 145 | 145 | 147 | 150 | 154 |
| | O | 142 | 199 | 142 | 146 | 146 | 150 | 153 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 32 | 33 | 35 | 35 | 35 | 36 | 37 |
| Outlays | O | 32 | 33 | 34 | 34 | 35 | 36 | 36 |
| Allowances and office staff for former Presidents: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Expenses, presidential transition: | | | | | | | | |
| Appropriation, discretionary | 802 BA | | | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | | | 7 | 7 | 7 | 7 | 7 |
| Public Enterprise Funds: | | | | | | | | |
| Federal consumer information center fund: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 3 | 3 | 7 | 7 | 7 | 7 | 7 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 6 | 7 | 11 | 11 | 11 | 11 | 11 |
| Federal consumer information center fund (gross) | BA | 7 | 7 | 11 | 11 | 11 | 11 | 11 |
| | O | 6 | 7 | 11 | 11 | 11 | 11 | 11 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Federal consumer information center fund (net) | BA | 3 | 3 | 7 | 7 | 7 | 7 | 7 |
| | O | 2 | 3 | 7 | 7 | 7 | 7 | 7 |
| Intragovernmental Funds: | | | | | | | | |
| Working capital fund: | | | | | | | | |
| Reappropriation, discretionary | 804 BA | 4 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 213 | 279 | 297 | 297 | 301 | 308 | 315 |

GENERAL SERVICES ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 214 | 279 | 297 | 297 | 301 | 308 | 315 |
| Working capital fund (gross) | BA | 217 | 279 | 297 | 297 | 301 | 308 | 315 |
| | O | 214 | 279 | 297 | 297 | 301 | 308 | 315 |
| Change in receivables and unpaid, unfilled orders | BA | -3 | | | | | | |
| Total, offsetting collections | | -210 | -279 | -297 | -297 | -301 | -308 | -315 |
| Total Working capital fund (net) | BA | 4 | | | | | | |
| | O | 4 | | | | | | |
| Total Federal funds General Activities | BA | 235 | 178 | 197 | 197 | 199 | 203 | 208 |
| | O | 182 | 237 | 193 | 197 | 198 | 203 | 206 |

| | | Summary | | | | | | |
|---|----------|------------|------------|------------|-------------------|------------|------------|------------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 554 | 142 | 963 | 590 | 538 | 478 | 391 |
| | O | -21 | 549 | 544 | 462 | 563 | 559 | 462 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 407 BA/O | | | | ¹ -340 | | | |
| | 804 BA/O | -25 | -24 | -69 | -33 | -32 | -28 | -27 |
| Total General Services Administration | BA | 529 | 118 | 894 | 217 | 506 | 450 | 364 |
| | O | -46 | 525 | 475 | 89 | 531 | 531 | 435 |

¹ Preliminary estimate; actual receipts will depend on the final land use plan.

INTERNATIONAL ASSISTANCE PROGRAMS
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|----------------|-----------------|----------------|----------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| International Security Assistance | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Economic support fund: | | | | | | | | |
| Appropriation, discretionary | 152 BA | 2,608 | 2,792 | 2,313 | 2,313 | 2,341 | 2,399 | 2,451 |
| Outlays | O | 2,349 | 2,358 | 2,329 | 2,460 | 2,555 | 2,209 | 2,277 |
| Central America and the Caribbean emergency disaster recovery fund: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 592 | -10 | | | | | |
| Outlays | O | 10 | 232 | 228 | -4 | | | |
| Foreign military financing program: | | | | | | | | |
| Appropriation, discretionary | 152 BA | 3,400 | 4,789 | 3,538 | 3,538 | 3,581 | 3,669 | 3,749 |
| | | | [^] 31 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 1 | | | | | | |
| Outlays | O | 3,357 | 2,947 | 4,296 | 3,867 | 3,827 | 3,676 | 3,683 |
| | | | [^] 2 | [^] 9 | [^] 14 | [^] 4 | [^] 2 | |
| Foreign military financing program (gross) | BA | 3,401 | 4,820 | 3,538 | 3,538 | 3,581 | 3,669 | 3,749 |
| | O | 3,357 | 2,949 | 4,305 | 3,881 | 3,831 | 3,678 | 3,683 |
| Total, offsetting collections | | -1 | | | | | | |
| Total Foreign military financing program (net) | BA | 3,400 | 4,820 | 3,538 | 3,538 | 3,581 | 3,669 | 3,749 |
| | O | 3,356 | 2,949 | 4,305 | 3,881 | 3,831 | 3,678 | 3,683 |
| International military education and training: | | | | | | | | |
| Appropriation, discretionary | 152 BA | 50 | 50 | 55 | 55 | 56 | 57 | 58 |
| | | | [^] 3 | | | | | |
| Outlays | O | 42 | 53 | 55 | 55 | 55 | 57 | 57 |
| | | | [^] 2 | [^] 1 | | | | |
| Total International military education and training | BA | 50 | 53 | 55 | 55 | 56 | 57 | 58 |
| | O | 42 | 55 | 56 | 55 | 55 | 57 | 57 |
| Military-to-military contact program: | | | | | | | | |
| Outlays | 152 O | | 1 | | | | | |
| Peacekeeping operations: | | | | | | | | |
| Appropriation, discretionary | 152 BA | 120 | 152 | 134 | 134 | 136 | 139 | 142 |

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | 5 | | | | | | |
| Outlays | O | 98 | 143 | 140 | 134 | 136 | 138 | 141 |
| Peacekeeping operations (gross) | BA | 125 | 152 | 134 | 134 | 136 | 139 | 142 |
| | O | 98 | 143 | 140 | 134 | 136 | 138 | 141 |
| Total, offsetting collections | | -5 | | | | | | |
| Total Peacekeeping operations (net) | BA | 120 | 152 | 134 | 134 | 136 | 139 | 142 |
| | O | 93 | 143 | 140 | 134 | 136 | 138 | 141 |
| Non-proliferation, anti-terrorism, demining, and related programs: | | | | | | | | |
| Appropriation, discretionary | 152 BA | 239 | 218 | 312 | 312 | 316 | 324 | 331 |
| Spending authority from offsetting collections, discretionary | BA | 6 | | | | | | |
| Outlays | O | 222 | 204 | 283 | 300 | 314 | 320 | 327 |
| Non-proliferation, anti-terrorism, demining, and related programs (gross) | BA | 245 | 218 | 312 | 312 | 316 | 324 | 331 |
| | O | 222 | 204 | 283 | 300 | 314 | 320 | 327 |
| Total, offsetting collections | | -6 | | | | | | |
| Total Non-proliferation, anti-terrorism, demining, and related programs (net) | BA | 239 | 218 | 312 | 312 | 316 | 324 | 331 |
| | O | 216 | 204 | 283 | 300 | 314 | 320 | 327 |
| Nonproliferation and Disarmament Fund: | | | | | | | | |
| Outlays | 152 O | 3 | 5 | 3 | | | | |
| Credit Accounts: | | | | | | | | |
| Foreign military financing loan program account: | | | | | | | | |
| Appropriation, mandatory | 152 BA | 5 | 189 | | | | | |
| Outlays | O | 24 | 227 | 66 | 40 | | | |
| Foreign military loan liquidating account: | | | | | | | | |
| Appropriation, mandatory | 152 BA | 38 | 38 | 31 | 27 | 25 | 38 | 7 |
| Spending authority from offsetting collections, mandatory | BA | 5 | 7 | 11 | 37 | 35 | 26 | 54 |
| Outlays | O | 43 | 45 | 42 | 64 | 60 | 64 | 61 |
| Foreign military loan liquidating account (gross) | BA | 43 | 45 | 42 | 64 | 60 | 64 | 61 |
| | O | 43 | 45 | 42 | 64 | 60 | 64 | 61 |
| Total, offsetting collections | | -229 | -635 | -548 | -467 | -405 | -339 | -337 |
| Total Foreign military loan liquidating account (net) | BA | -186 | -590 | -506 | -403 | -345 | -275 | -276 |
| | O | -186 | -590 | -506 | -403 | -345 | -275 | -276 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 6,828 | 7,624 | 5,846 | 5,949 | 6,085 | 6,313 | 6,455 |
| | O | 5,907 | 5,584 | 6,904 | 6,463 | 6,546 | 6,127 | 6,209 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 151 BA/O | -3 | | | | | | |
| | 152 BA/O | -367 | | | | | | |
| | 908 BA/O | -131 | | | | | | |
| Total International Security Assistance | BA | 6,327 | 7,624 | 5,846 | 5,949 | 6,085 | 6,313 | 6,455 |
| | O | 5,406 | 5,584 | 6,904 | 6,463 | 6,546 | 6,127 | 6,209 |

Multilateral Assistance*Federal funds***General and Special Funds:**

| | | | | | | | | |
|--|--------|-----|-----|-------|-----|-----|-----|-----|
| Contribution to the International Bank for Reconstruction and Development: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 168 | 36 | 176 | 176 | 178 | 183 | 187 |
| Outlays | O | 54 | 52 | 54 | 18 | 72 | 84 | 87 |
| Contribution to the International Development Association: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 800 | 771 | 836 | 836 | 846 | 867 | 886 |
| Outlays | O | 994 | 992 | 1,077 | 982 | 883 | 935 | 853 |
| Contribution to Multilateral Investment Guarantee Agency: | | | | | | | | |
| Appropriation, discretionary | 151 BA | | 4 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | | 1 | 6 | 16 | 16 | 16 | 16 |
| Contribution to the Inter-American Development Bank: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 47 | 42 | 34 | 34 | 34 | 35 | 36 |
| Outlays | O | 42 | 45 | 48 | 34 | 35 | 41 | 35 |

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|------------------|------------------|-----------------|-----------------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Contribution to the Asian Development Bank: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 223 | 91 | 125 | 125 | 127 | 130 | 132 |
| Outlays | O | 255 | 190 | 177 | 151 | 129 | 143 | 145 |
| Contribution to the African Development Fund: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 128 | 131 | 106 | 106 | 107 | 110 | 112 |
| Outlays | O | 95 | 100 | 100 | 70 | 73 | 77 | 88 |
| Contribution to the European Bank for Reconstruction and Development: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 36 | 36 | 36 | 36 | 36 | 37 | 38 |
| Outlays | O | 25 | 28 | 31 | 45 | 32 | 36 | 37 |
| North American development bank: | | | | | | | | |
| Outlays | 151 O | | | 11 | 11 | 11 | 17 | |
| Contribution to enterprise for the Americas multilateral investment fund: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 50 | | 26 | 26 | 26 | 27 | 28 |
| Outlays | O | 30 | 42 | 46 | 41 | 40 | 41 | 41 |
| International affairs technical assistance program: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 3 | 2 | 7 | 7 | 7 | 7 | 7 |
| Outlays | O | | 2 | 2 | 4 | 6 | 7 | 7 |
| International organizations and programs: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 308 | 294 | 356 | 356 | 360 | 369 | 377 |
| Outlays | O | 338 | 295 | 350 | 356 | 360 | 368 | 377 |
| Credit Accounts: | | | | | | | | |
| Debt restructuring: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 74 | 123 | 262 | 299 | 302 | 319 | 325 |
| | | | ^A 210 | | | | | |
| Appropriation, mandatory | BA | | 5 | | | | | |
| Advance appropriation, discretionary | BA | | | 240 | 135 | | | |
| Outlays | O | 23 | 120 | 136 | 291 | 430 | 406 | 360 |
| | | | ^A 53 | ^A 105 | ^A 32 | ^A 21 | | |
| Total Debt restructuring | BA | 74 | 338 | 262 | 539 | 437 | 319 | 325 |
| | O | 23 | 173 | 241 | 323 | 451 | 406 | 360 |
| Total Federal funds Multilateral Assistance | BA | 1,837 | 1,745 | 1,980 | 2,257 | 2,174 | 2,101 | 2,145 |
| | O | 1,856 | 1,920 | 2,143 | 2,051 | 2,108 | 2,171 | 2,046 |

International Development Assistance

Agency for International Development

Federal funds

General and Special Funds:

Sustainable development assistance program:

| | | | | | | | | |
|---|--------|-------|-------|-------|-----|-----|-----|-----|
| Appropriation, discretionary | 151 BA | 1,189 | 1,199 | 932 | 932 | 943 | 967 | 988 |
| Spending authority from offsetting collections, discretionary | BA | 5 | | | | | | |
| Outlays | O | 771 | 1,169 | 1,134 | 904 | 875 | 885 | 929 |
| Sustainable development assistance program (gross) | BA | 1,194 | 1,199 | 932 | 932 | 943 | 967 | 988 |
| | O | 771 | 1,169 | 1,134 | 904 | 875 | 885 | 929 |
| Total, offsetting collections | | -5 | | | | | | |
| Total Sustainable development assistance program (net) | BA | 1,189 | 1,199 | 932 | 932 | 943 | 967 | 988 |
| | O | 766 | 1,169 | 1,134 | 904 | 875 | 885 | 929 |

Child survival and disease programs:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 151 BA | 595 | 602 | 659 | 659 | 667 | 683 | 698 |
| Outlays | O | 430 | 505 | 546 | 541 | 581 | 608 | 644 |

Development fund for Africa:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 151 BA | | | 533 | 533 | 539 | 553 | 565 |
| Outlays | O | 194 | 120 | 133 | 393 | 441 | 470 | 503 |

Assistance for Eastern Europe and the Baltic States:

| | | | | | | | | |
|---|--------|-----|------------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Appropriation, discretionary | 151 BA | 436 | 533 | 610 | 610 | 617 | 633 | 646 |
| | | | ^A 195 | | | | | |
| Outlays | O | 523 | 535 | 328 | 408 | 487 | 570 | 608 |
| | | | ^A 20 | ^A 64 | ^A 46 | ^A 31 | ^A 25 | ^A 8 |
| Total Assistance for Eastern Europe and the Baltic States | BA | 436 | 728 | 610 | 610 | 617 | 633 | 646 |
| | O | 523 | 555 | 392 | 454 | 518 | 595 | 616 |

Assistance for the independent states of the former Soviet Union:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 151 BA | 587 | 836 | 830 | 830 | 840 | 861 | 880 |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|-----------------|----------------|----------------|----------------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 652 | 590 | 682 | 667 | 725 | 808 | 837 |
| Sub-Saharan Africa disaster assistance: | | | | | | | | |
| Outlays | 151 O | | 2 | | | | | |
| International disaster assistance: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 388 | 202 | 220 | 220 | 223 | 228 | 233 |
| Outlays | O | 295 | 236 | 261 | 246 | 232 | 226 | 227 |
| Operating expenses of the Agency for International Development: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 501 | 519 | 520 | 520 | 526 | 539 | 551 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 488 | 532 | 529 | 522 | 526 | 537 | 551 |
| | | | ^A 14 | ^A 4 | ^A 2 | ^A 1 | | |
| Operating expenses of the Agency for International Development (gross) | BA | 505 | 545 | 524 | 524 | 530 | 543 | 555 |
| | O | 488 | 546 | 533 | 524 | 527 | 537 | 551 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Operating expenses of the Agency for International Development (net) | BA | 501 | 541 | 520 | 520 | 526 | 539 | 551 |
| | O | 484 | 542 | 529 | 520 | 523 | 533 | 547 |
| Payment to the Foreign Service retirement and disability fund: | | | | | | | | |
| Appropriation, mandatory | 153 BA | 45 | 44 | 44 | 45 | 47 | 48 | 48 |
| Outlays | O | 45 | 44 | 44 | 45 | 47 | 48 | 48 |
| Operating expenses of AID, Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 29 | 25 | 27 | 27 | 27 | 28 | 29 |
| Outlays | O | 29 | 24 | 27 | 27 | 26 | 28 | 28 |
| Public Enterprise Funds: | | | | | | | | |
| Property management fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 151 BA | | 1 | | | | | |
| Outlays | O | | 2 | | | | | |
| Property management fund (gross) | BA | | 1 | | | | | |
| | O | | 2 | | | | | |
| Total, offsetting collections | | | -1 | | | | | |
| Total Property management fund (net) | BA | | | | | | | |
| | O | | 1 | | | | | |
| Credit Accounts: | | | | | | | | |
| Urban and environmental credit program account: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 7 | 7 | | | | | |
| Outlays | O | 18 | 10 | 5 | 1 | 1 | 1 | |
| Housing and other credit guaranty programs liquidating account: | | | | | | | | |
| Appropriation, mandatory | 151 BA | 17 | 35 | 17 | 1 | | | |
| Spending authority from offsetting collections, mandatory | BA | 84 | 124 | 57 | 68 | 70 | 71 | 67 |
| Outlays | O | 62 | 38 | 40 | 45 | 36 | 32 | 31 |
| Housing and other credit guaranty programs liquidating account (gross) | BA | 101 | 159 | 74 | 69 | 70 | 71 | 67 |
| | O | 62 | 38 | 40 | 45 | 36 | 32 | 31 |
| Total, offsetting collections | | -84 | -124 | -57 | -68 | -70 | -71 | -67 |
| Total Housing and other credit guaranty programs liquidating account (net) | BA | 17 | 35 | 17 | 1 | | | |
| | O | -22 | -86 | -17 | -23 | -34 | -39 | -36 |
| Micro and small enterprise development program account: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 2 | 2 | | | | | |
| Outlays | O | 1 | 3 | 2 | | | | |
| Development credit authority program account: | | | | | | | | |
| Appropriation, discretionary | 151 BA | | 3 | 23 | 23 | 23 | 24 | 24 |
| Outlays | O | | 3 | 13 | 14 | 15 | 15 | 15 |
| Economic assistance loans — liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 151 BA | 1,075 | 782 | 700 | 658 | 652 | 612 | 568 |
| Economic assistance loans — liquidating account (gross) | BA | 1,075 | 782 | 700 | 658 | 652 | 612 | 568 |

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Total, offsetting collections | | -1,075 | -782 | -700 | -658 | -652 | -612 | -568 |
| Total Economic assistance loans — liquidating account (net) | BA | | | | | | | |
| | O | -1,075 | -782 | -700 | -658 | -652 | -612 | -568 |
| <i>Trust funds</i> | | | | | | | | |
| Foreign service national separation liability trust fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 3,796 | 4,224 | 4,415 | 4,400 | 4,452 | 4,564 | 4,662 |
| | O | 2,340 | 2,936 | 3,051 | 3,131 | 3,298 | 3,566 | 3,790 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 151 BA/O | | -110 | -40 | | | | |
| Total Federal funds | BA | 3,796 | 4,114 | 4,375 | 4,400 | 4,452 | 4,564 | 4,662 |
| | O | 2,340 | 2,826 | 3,011 | 3,131 | 3,298 | 3,566 | 3,790 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Interfund transactions | | | | | | | | |
| | 602 BA/O | -2 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Agency for International Development | BA | 3,797 | 4,114 | 4,375 | 4,400 | 4,452 | 4,564 | 4,662 |
| | O | 2,339 | 2,824 | 3,009 | 3,129 | 3,296 | 3,564 | 3,788 |

Overseas Private Investment Corporation

Federal funds

Public Enterprise Funds:

Overseas Private Investment Corporation noncredit account:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 151 BA | -69 | -45 | -47 | -47 | -48 | -49 | -50 |
| Spending authority from offsetting collections, discretionary | BA | 154 | 143 | 132 | 132 | 134 | 137 | 140 |
| Outlays | O | 55 | 153 | 55 | 93 | 72 | 62 | 63 |

| | | | | | | | | |
|---|----|----|-----|----|----|----|----|----|
| Overseas Private Investment Corporation noncredit account (gross) | BA | 85 | 98 | 85 | 85 | 86 | 88 | 90 |
| | O | 55 | 153 | 55 | 93 | 72 | 62 | 63 |

| | | | | | | | | |
|---|----|------|------|------|------|------|------|------|
| Change in receivables and unpaid, unfilled orders | BA | -4 | -8 | -6 | | | | |
| Total, offsetting collections | | -328 | -339 | -346 | -346 | -350 | -359 | -367 |

| | | | | | | | | |
|---|----|------|------|------|------|------|------|------|
| Total Overseas Private Investment Corporation noncredit account (net) | BA | -247 | -249 | -267 | -261 | -264 | -271 | -277 |
| | O | -273 | -186 | -291 | -253 | -278 | -297 | -304 |

Credit Accounts:

Overseas private investment corporation program account:

| | | | | | | | | |
|--|--------|---------|---------|---------|---------|---------|---------|---------|
| Appropriation, discretionary | 151 BA | 72 | 45 | 47 | 47 | 47 | 49 | 50 |
| Outlays | O | 42 | 50 | 56 | 41 | 42 | 41 | 44 |
| Limitation on loan guarantee commitments | | (2,333) | (2,333) | (1,000) | (1,000) | (1,012) | (1,037) | (1,060) |

Overseas Private Investment Corporation liquidating account:

| | | | | | | | | |
|---|--------|----|----|--|--|--|--|--|
| Spending authority from offsetting collections, mandatory | 151 BA | 11 | 3 | | | | | |
| Outlays | O | 1 | 14 | | | | | |

| | | | | | | | | |
|---|----|----|----|--|--|--|--|--|
| Overseas Private Investment Corporation liquidating account (gross) | BA | 11 | 3 | | | | | |
| | O | 1 | 14 | | | | | |

| | | | | | | | | |
|-------------------------------------|--|-----|----|--|--|--|--|--|
| Total, offsetting collections | | -11 | -3 | | | | | |
|-------------------------------------|--|-----|----|--|--|--|--|--|

| | | | | | | | | |
|---|----|-----|----|--|--|--|--|--|
| Total Overseas Private Investment Corporation liquidating account (net) | BA | | | | | | | |
| | O | -10 | 11 | | | | | |

| | | | | | | | | |
|---|----|------|------|------|------|------|------|------|
| Total Federal funds Overseas Private Investment Corporation | BA | -175 | -204 | -220 | -214 | -217 | -222 | -227 |
| | O | -241 | -125 | -235 | -212 | -236 | -256 | -260 |

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>Trade and Development Agency</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Trade and Development Agency: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 59 | 44 | 54 | 54 | 55 | 56 | 57 |
| Outlays | O | 49 | 57 | 56 | 53 | 57 | 55 | 56 |
| <i>Peace Corps</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Peace Corps: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 256 | 244 | 275 | 275 | 278 | 285 | 291 |
| Spending authority from offsetting collections, discretionary | BA | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 244 | 272 | 277 | 289 | 295 | 301 | 307 |
| Peace Corps (gross) | BA | 264 | 252 | 283 | 283 | 286 | 293 | 299 |
| | O | 244 | 272 | 277 | 289 | 295 | 301 | 307 |
| Total, offsetting collections | | -8 | -8 | -8 | -8 | -8 | -8 | -8 |
| Total Peace Corps (net) | BA | 256 | 244 | 275 | 275 | 278 | 285 | 291 |
| | O | 236 | 264 | 269 | 281 | 287 | 293 | 299 |
| <i>Trust funds</i> | | | | | | | | |
| Peace Corps miscellaneous trust fund: | | | | | | | | |
| Appropriation, mandatory | 151 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <i>Inter-American Foundation</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Inter-American Foundation: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 20 | 5 | 20 | 20 | 20 | 21 | 21 |
| Spending authority from offsetting collections, discretionary | BA | 8 | 5 | | | | | |
| Outlays | O | 21 | 21 | 28 | 17 | 19 | 20 | 21 |
| Inter-American Foundation (gross) | BA | 28 | 10 | 20 | 20 | 20 | 21 | 21 |
| | O | 21 | 21 | 28 | 17 | 19 | 20 | 21 |
| Total, offsetting collections | | -8 | -5 | | | | | |
| Total Inter-American Foundation (net) | BA | 20 | 5 | 20 | 20 | 20 | 21 | 21 |
| | O | 13 | 16 | 28 | 17 | 19 | 20 | 21 |
| <i>African Development Foundation</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| African Development Foundation: | | | | | | | | |
| Appropriation, discretionary | 151 BA | 11 | 14 | 16 | 16 | 16 | 17 | 17 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 12 | 14 | 17 | 13 | 15 | 17 | 18 |
| African Development Foundation (gross) | BA | 12 | 15 | 17 | 17 | 17 | 18 | 18 |
| | O | 12 | 14 | 17 | 13 | 15 | 17 | 18 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total African Development Foundation (net) | BA | 11 | 14 | 16 | 16 | 16 | 17 | 17 |
| | O | 11 | 13 | 16 | 12 | 14 | 16 | 17 |
| Total Federal funds International Development Assistance | BA | 3,967 | 4,217 | 4,520 | 4,551 | 4,604 | 4,721 | 4,821 |
| | O | 2,408 | 3,051 | 3,145 | 3,282 | 3,439 | 3,694 | 3,923 |
| Total Trust funds International Development Assistance | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Interfund transactions | 602 BA/O | -2 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total International Development Assistance | BA | 3,969 | 4,218 | 4,521 | 4,552 | 4,605 | 4,722 | 4,822 |
| | O | 2,408 | 3,050 | 3,144 | 3,281 | 3,438 | 3,693 | 3,922 |

International Monetary Programs

Federal funds

General and Special Funds:

United States quota, International Monetary Fund:

| | | | | | | | | |
|------------------------------------|--------|---------------|--|--|--|--|--|--|
| Appropriation, discretionary | 155 BA | 14,763 | | | | | | |
| Outlays | O | -167 | | | | | | |

Loans to International Monetary Fund:

| | | | | | | | | |
|------------------------------------|--------|--------------|--|--|--|--|--|--|
| Appropriation, discretionary | 155 BA | 3,450 | | | | | | |
|------------------------------------|--------|--------------|--|--|--|--|--|--|

Contribution to enhanced structural adjustment facility of the International Monetary Fund:

| | | | | | | | | |
|---------------|-------|----|----|----|--|--|--|--|
| Outlays | 155 O | 22 | 16 | 10 | | | | |
|---------------|-------|----|----|----|--|--|--|--|

| | | | | | | | | |
|---|----|---------------|----|----|--|--|--|--|
| Total Federal funds International Monetary Programs | BA | 18,213 | | | | | | |
| | O | -145 | 16 | 10 | | | | |

Military Sales Program

Federal funds

Public Enterprise Funds:

Special defense acquisition fund:

| | | | | | | | | |
|------------------------------------|--------|---|-----------|---|---|--|--|--|
| Appropriation, discretionary | 155 BA | | 18 | | | | | |
| Outlays | O | 6 | 18 | 6 | 5 | | | |

| | | | | | | | | |
|--|----|---|-----------|---|---|--|--|--|
| Special defense acquisition fund (gross) | BA | | 18 | | | | | |
| | O | 6 | 18 | 6 | 5 | | | |

| | | | | | | | | |
|-------------------------------------|--|----|-----|--|--|--|--|--|
| Total, offsetting collections | | -8 | -10 | | | | | |
|-------------------------------------|--|----|-----|--|--|--|--|--|

| | | | | | | | | |
|--|----|-----------|----------|---|---|--|--|--|
| Total Special defense acquisition fund (net) | BA | -8 | 8 | | | | | |
| | O | -2 | 8 | 6 | 5 | | | |

Trust funds

Foreign military sales trust fund:

| | | | | | | | | |
|-------------------------------------|--------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Contract authority, mandatory | 155 BA | 8,712 | 9,070 | 10,730 | 11,040 | 11,100 | 11,090 | 11,350 |
| Outlays | O | 12,159 | 10,560 | 10,760 | 10,890 | 10,920 | 11,020 | 11,150 |

Summary

| | | | | | | | | |
|--|----|-----------|----------|---|---|--|--|--|
| Federal funds: (As shown in detail above) | BA | -8 | 8 | | | | | |
| | O | -2 | 8 | 6 | 5 | | | |

| | | | | | | | | |
|--|----|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Trust funds: (As shown in detail above) | BA | 8,712 | 9,070 | 10,730 | 11,040 | 11,100 | 11,090 | 11,350 |
| | O | 12,159 | 10,560 | 10,760 | 10,890 | 10,920 | 11,020 | 11,150 |

| | | | | | | | | |
|---|----------|---------|---------|---------|---------|---------|---------|---------|
| Deductions for offsetting receipts: Proprietary receipts from the public | 155 BA/O | -11,624 | -10,560 | -10,760 | -10,890 | -10,920 | -11,020 | -11,150 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|

| | | | | | | | | |
|-------------------------|----|---------------|---------------|------------|------------|------------|-----------|------------|
| Total Trust funds | BA | -2,912 | -1,490 | -30 | 150 | 180 | 70 | 200 |
| | O | 535 | | | | | | |

| | | | | | | | | |
|------------------------------------|----|---------------|---------------|------------|------------|------------|-----------|------------|
| Total Military Sales Program | BA | -2,920 | -1,482 | -30 | 150 | 180 | 70 | 200 |
| | O | 533 | 8 | 6 | 5 | | | |

Special Assistance for Central America

Federal funds

General and Special Funds:

Demobilization and transition fund:

| | | | | | | | | |
|---------------|-------|---|--|--|--|--|--|--|
| Outlays | 152 O | 1 | | | | | | |
|---------------|-------|---|--|--|--|--|--|--|

INTERNATIONAL ASSISTANCE PROGRAMS—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|-----------|---------|---------|---------|---------|---------|---------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| International Commodity Agreements | | | | | | | | |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 155 BA/O | -80 | | | | | | |
| Total International Commodity Agreements | BA | -80 | | | | | | |
| | O | -80 | | | | | | |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 30,837 | 13,704 | 12,386 | 12,757 | 12,863 | 13,135 | 13,421 |
| | O | 10,025 | 10,689 | 12,248 | 11,801 | 12,093 | 11,992 | 12,178 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 151 BA/O | -3 | -110 | -40 | | | | |
| | 152 BA/O | -367 | | | | | | |
| | 155 BA/O | | -80 | | | | | |
| | 908 BA/O | -131 | | | | | | |
| Total Federal funds | BA | 30,336 | 13,514 | 12,346 | 12,757 | 12,863 | 13,135 | 13,421 |
| | O | 9,524 | 10,499 | 12,208 | 11,801 | 12,093 | 11,992 | 12,178 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 8,716 | 9,074 | 10,734 | 11,044 | 11,104 | 11,094 | 11,354 |
| | O | 12,161 | 10,562 | 10,762 | 10,892 | 10,922 | 11,022 | 11,152 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 155 BA/O | -11,624 | -10,560 | -10,760 | -10,890 | -10,920 | -11,020 | -11,150 |
| Total Trust funds | BA | -2,908 | -1,486 | -26 | 154 | 184 | 74 | 204 |
| | O | 537 | 2 | 2 | 2 | 2 | 2 | 2 |
| Interfund transactions | 602 BA/O | -2 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total International Assistance Programs | BA | 27,426 | 12,025 | 12,317 | 12,908 | 13,044 | 13,206 | 13,622 |
| | O | 10,059 | 10,498 | 12,207 | 11,800 | 12,092 | 11,991 | 12,177 |

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------------------|-----------------|-----------------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Human space flight: | | | | | | | | |
| Appropriation, discretionary | 252 BA | 5,480 | 5,488 | 5,500 | 3,529 | 3,486 | 3,490 | 3,411 |
| | | | ^A -20 | | | | | |
| Advance appropriation, discretionary | BA | | | | 1,858 | 1,452 | 1,327 | 1,275 |
| Spending authority from offsetting collections, discretionary | BA | 183 | 204 | 195 | 195 | 195 | 195 | 195 |
| Outlays | O | 5,591 | 5,674 | 5,655 | 5,657 | 5,289 | 5,067 | 4,932 |
| | | | ^A -13 | ^A -6 | ^A -1 | | | |
| Human space flight (gross) | BA | 5,663 | 5,672 | 5,695 | 5,582 | 5,133 | 5,012 | 4,881 |
| | O | 5,591 | 5,661 | 5,649 | 5,656 | 5,289 | 5,067 | 4,932 |
| Change in receivables and unpaid, unfilled orders | BA | -9 | | | | | | |
| Total, offsetting collections | | -174 | -204 | -195 | -195 | -195 | -195 | -195 |
| Total Human space flight (net) | BA | 5,480 | 5,468 | 5,500 | 5,387 | 4,938 | 4,817 | 4,686 |
| | O | 5,417 | 5,457 | 5,454 | 5,461 | 5,094 | 4,872 | 4,737 |
| Science, Aeronautics and Technology | | | | | | | | |
| (Space flight, research, and supporting activities): | | | | | | | | |
| (Appropriation, discretionary) | 252 BA | 4,885 | 4,918 | 5,352 | 5,785 | 6,375 | 6,951 | 7,298 |
| (Spending authority from offsetting collections, discretionary) | BA | 520 | 549 | 491 | 491 | 491 | 491 | 491 |

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|----------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 5,472 | 5,448 | 5,543 | 5,822 | 6,484 | 7,051 | 7,523 |
| Science, Aeronautics and Technology (gross) | BA | 5,405 | 5,467 | 5,843 | 6,276 | 6,866 | 7,442 | 7,789 |
| | O | 5,472 | 5,448 | 5,543 | 5,822 | 6,484 | 7,051 | 7,523 |
| (Change in receivables and unpaid, unfilled orders) | BA | -29 | | | | | | |
| Total, offsetting collections | | -491 | -549 | -491 | -491 | -491 | -491 | -491 |
| Total (Space flight, research, and supporting activities) (net) | BA | 4,885 | 4,918 | 5,352 | 5,785 | 6,375 | 6,951 | 7,298 |
| | O | 4,981 | 4,899 | 5,052 | 5,331 | 5,993 | 6,560 | 7,032 |
| (Air transportation): | | | | | | | | |
| (Appropriation, discretionary) | 402 BA | 769 | 663 | 577 | 604 | 619 | 620 | 616 |
| (Spending authority from offsetting collections, discretionary) | BA | 54 | 57 | 57 | 57 | 57 | 57 | 57 |
| (Outlays) | O | 855 | 524 | 641 | 625 | 669 | 674 | 675 |
| Science, Aeronautics and Technology (gross) | BA | 5,708 | 5,638 | 5,986 | 6,446 | 7,051 | 7,628 | 7,971 |
| | O | 5,836 | 5,423 | 5,693 | 5,956 | 6,662 | 7,234 | 7,707 |
| (Change in receivables and unpaid, unfilled orders) | BA | -3 | | | | | | |
| Total, offsetting collections | | -51 | -57 | -57 | -57 | -57 | -57 | -57 |
| Total (Air transportation) (net) | BA | 769 | 663 | 577 | 604 | 619 | 620 | 616 |
| | O | 804 | 467 | 584 | 568 | 612 | 617 | 618 |
| Total Science, Aeronautics and Technology | BA | 5,654 | 5,581 | 5,929 | 6,389 | 6,994 | 7,571 | 7,914 |
| | O | 5,785 | 5,366 | 5,636 | 5,899 | 6,605 | 7,177 | 7,650 |
| Mission support | | | | | | | | |
| (Space flight, research, and supporting activities): | | | | | | | | |
| (Appropriation, discretionary) | 252 BA | 2,075 | 2,144 | 2,226 | 2,299 | 2,432 | 2,498 | 2,547 |
| | | | [^] 20 | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | 82 | 108 | 123 | 123 | 123 | 123 | 126 |
| (Outlays) | O | 2,085 | 2,243 | 2,318 | 2,427 | 2,526 | 2,603 | 2,662 |
| | | | [^] 16 | [^] 3 | | | | |
| Mission support (gross) | BA | 2,157 | 2,272 | 2,349 | 2,422 | 2,555 | 2,621 | 2,673 |
| | O | 2,085 | 2,259 | 2,321 | 2,427 | 2,526 | 2,603 | 2,662 |
| (Change in receivables and unpaid, unfilled orders) | BA | 17 | | | | | | |
| Total, offsetting collections | | -99 | -108 | -123 | -123 | -123 | -123 | -123 |
| Total (Space flight, research, and supporting activities) (net) | BA | 2,075 | 2,164 | 2,226 | 2,299 | 2,432 | 2,498 | 2,550 |
| | O | 1,986 | 2,151 | 2,198 | 2,304 | 2,403 | 2,480 | 2,539 |
| (Air transportation): | | | | | | | | |
| (Appropriation, discretionary) | 402 BA | 425 | 368 | 358 | 367 | 381 | 394 | 398 |
| (Spending authority from offsetting collections, discretionary) | BA | 15 | 19 | 9 | 9 | 9 | 9 | 9 |
| (Outlays) | O | 432 | 405 | 367 | 370 | 387 | 400 | 406 |
| Mission support (gross) | BA | 2,515 | 2,551 | 2,593 | 2,675 | 2,822 | 2,901 | 2,957 |
| | O | 2,418 | 2,556 | 2,565 | 2,674 | 2,790 | 2,880 | 2,945 |
| (Change in receivables and unpaid, unfilled orders) | BA | 8 | | | | | | |
| Total, offsetting collections | | -23 | -19 | -9 | -9 | -9 | -9 | -9 |
| Total (Air transportation) (net) | BA | 425 | 368 | 358 | 367 | 381 | 394 | 398 |
| | O | 409 | 386 | 358 | 361 | 378 | 391 | 397 |
| Total Mission support | BA | 2,500 | 2,532 | 2,584 | 2,666 | 2,813 | 2,892 | 2,948 |
| | O | 2,395 | 2,537 | 2,556 | 2,665 | 2,781 | 2,871 | 2,936 |
| Research and development | | | | | | | | |
| (Space flight, research, and supporting activities): | | | | | | | | |
| (Outlays) | 252 O | 28 | 48 | | | | | |
| Research and development (gross) | O | 28 | 48 | | | | | |
| (Change in receivables and unpaid, unfilled orders) | BA | 10 | 19 | | | | | |

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -10 | -19 | | | | | |
| Total (Space flight, research, and supporting activities) (net) | BA O | 18 | 29 | | | | | |
| Total Research and development | BA O | 18 | 29 | | | | | |
| Space flight, control, and data communications: | | | | | | | | |
| Outlays | 252 O | 2 | 12 | 2 | | | | |
| Construction of facilities | | | | | | | | |
| (Space flight, research, and supporting activities): | | | | | | | | |
| (Outlays) | 252 O | 23 | 25 | 6 | | | | |
| (Air transportation): | | | | | | | | |
| (Outlays) | 402 O | 4 | | | | | | |
| Total Construction of facilities | O | 27 | 25 | 6 | | | | |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 252 BA | 20 | 20 | 22 | 23 | 24 | 25 | 25 |
| Outlays | O | 19 | 20 | 21 | 23 | 24 | 25 | 25 |
| | <i>Trust funds</i> | | | | | | | |
| Science, space, and technology education trust fund: | | | | | | | | |
| Appropriation, mandatory | 503 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA O | 13,654 13,663 | 13,601 13,446 | 14,035 13,675 | 14,465 14,048 | 14,769 14,504 | 15,305 14,945 | 15,573 15,348 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA O | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 | 1 1 |
| Total National Aeronautics and Space Administration | BA O | 13,655 13,664 | 13,602 13,447 | 14,036 13,676 | 14,466 14,049 | 14,770 14,505 | 15,306 14,946 | 15,574 15,349 |

NATIONAL SCIENCE FOUNDATION
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Research and related activities | | | | | | | | |
| (Defense-related activities): | | | | | | | | |
| (Appropriation, discretionary) | 054 BA | 63 | 63 | 63 | 63 | 64 | 65 | 67 |
| (Outlays) | O | 53 | 55 | 60 | 61 | 65 | 64 | 65 |
| (General science and basic research): | | | | | | | | |
| (Appropriation, discretionary) | 251 BA | 2,711 | 2,895 | 3,478 | 3,478 | 3,520 | 3,607 | 3,686 |
| (Spending authority from offsetting collections, discretionary) | BA | 79 | 100 | 100 | 100 | 101 | 104 | 106 |
| (Outlays) | O | 2,406 | 2,650 | 3,003 | 3,349 | 3,558 | 3,597 | 3,701 |
| Research and related activities (gross) | BA O | 2,853 2,459 | 3,058 2,705 | 3,641 3,063 | 3,641 3,410 | 3,685 3,623 | 3,776 3,661 | 3,859 3,766 |
| (Change in receivables and unpaid, unfilled orders) | BA | -11 | | | | | | |
| Total, offsetting collections | | -68 | -100 | -100 | -100 | -101 | -104 | -106 |
| Total (General science and basic research) (net) | BA O | 2,711 2,338 | 2,895 2,550 | 3,478 2,903 | 3,478 3,249 | 3,520 3,457 | 3,607 3,493 | 3,686 3,595 |
| Total Research and related activities | BA O | 2,774 2,391 | 2,958 2,605 | 3,541 2,963 | 3,541 3,310 | 3,584 3,522 | 3,672 3,557 | 3,753 3,680 |
| Academic research infrastructure: | | | | | | | | |
| Outlays | 251 O | 37 | 19 | 11 | 5 | | | |
| Major research equipment: | | | | | | | | |
| Appropriation, discretionary | 251 BA | 90 | 93 | 139 | | 84 | 94 | 133 |

NATIONAL SCIENCE FOUNDATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|-----------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Advance appropriation, discretionary | BA | | | | 144 | 58 | 50 | 14 |
| Outlays | O | 99 | 73 | 90 | 110 | 130 | 140 | 143 |
| Total Major research equipment | BA | 90 | 93 | 139 | 144 | 142 | 144 | 147 |
| | O | 99 | 73 | 90 | 110 | 130 | 140 | 143 |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 251 BA | 144 | 149 | 158 | 158 | 160 | 164 | 167 |
| Spending authority from offsetting collections, discretionary | BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 142 | 162 | 162 | 163 | 164 | 169 | 172 |
| Salaries and expenses (gross) | BA | 149 | 154 | 163 | 163 | 165 | 169 | 172 |
| | O | 142 | 162 | 162 | 163 | 164 | 169 | 172 |
| Change in receivables and unpaid, unfilled orders | BA | -1 | | | | | | |
| Total, offsetting collections | | -4 | -5 | -5 | -5 | -5 | -5 | -5 |
| Total Salaries and expenses (net) | BA | 144 | 149 | 158 | 158 | 160 | 164 | 167 |
| | O | 138 | 157 | 157 | 158 | 159 | 164 | 167 |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 251 BA | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Education and human resources: | | | | | | | | |
| Appropriation, discretionary | 251 BA | 662 | 691 | 729 | 729 | 738 | 756 | 773 |
| | | | ^{A 1} | | | | | |
| Appropriation, mandatory | BA | 27 | 33 | 31 | | | | |
| Spending authority from offsetting collections, discretionary | BA | 14 | 15 | 15 | 15 | 15 | 16 | 16 |
| Outlays | O | 585 | 710 | 725 | 723 | 737 | 750 | 765 |
| Education and human resources (gross) | BA | 703 | 740 | 775 | 744 | 753 | 772 | 789 |
| | O | 585 | 710 | 725 | 723 | 737 | 750 | 765 |
| Total, offsetting collections | | -14 | -15 | -15 | -15 | -15 | -16 | -16 |
| Total Education and human resources (net) | BA | 689 | 725 | 760 | 729 | 738 | 756 | 773 |
| | O | 571 | 695 | 710 | 708 | 722 | 734 | 749 |
| <i>Trust funds</i> | | | | | | | | |
| Donations: | | | | | | | | |
| Appropriation, mandatory | 251 BA | 37 | 42 | 35 | 35 | 34 | 34 | 34 |
| Outlays | O | 42 | 42 | 35 | 34 | 34 | 34 | 34 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 3,702 | 3,930 | 4,604 | 4,578 | 4,630 | 4,742 | 4,846 |
| | O | 3,241 | 3,554 | 3,937 | 4,297 | 4,539 | 4,601 | 4,725 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 37 | 42 | 35 | 35 | 34 | 34 | 34 |
| | O | 42 | 42 | 35 | 34 | 34 | 34 | 34 |
| Total National Science Foundation | BA | 3,739 | 3,972 | 4,639 | 4,613 | 4,664 | 4,776 | 4,880 |
| | O | 3,283 | 3,596 | 3,972 | 4,331 | 4,573 | 4,635 | 4,759 |

OFFICE OF PERSONNEL MANAGEMENT
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 805 BA | 87 | 90 | 101 | 101 | 102 | 105 | 107 |
| | | | ^{A 1} | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 132 | 128 | 131 | 131 | 133 | 136 | 139 |

OFFICE OF PERSONNEL MANAGEMENT—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 206 | 217 ^ 1 | 227 | 232 | 235 | 240 | 246 |
| Salaries and expenses (gross) | BA | 219 | 219 | 232 | 232 | 235 | 241 | 246 |
| | O | 206 | 218 | 227 | 232 | 235 | 240 | 246 |
| Change in receivables and unpaid, unfilled orders | BA | -27 | | | | | | |
| Total, offsetting collections | | -105 | -128 | -131 | -131 | -133 | -136 | -139 |
| Total Salaries and expenses (net) | BA | 87 | 91 | 101 | 101 | 102 | 105 | 107 |
| | O | 101 | 90 | 96 | 101 | 102 | 104 | 107 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 805 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, discretionary | BA | 9 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 10 | 9 | 11 | 11 | 11 | 11 | 12 |
| Office of Inspector General (gross) | BA | 10 | 11 | 11 | 11 | 11 | 11 | 12 |
| | O | 10 | 9 | 11 | 11 | 11 | 11 | 12 |
| Total, offsetting collections | | -9 | -10 | -10 | -10 | -10 | -10 | -11 |
| Total Office of Inspector General (net) | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | -1 | 1 | 1 | 1 | 1 | 1 |
| Government payment for annuitants, employees health benefits: | | | | | | | | |
| Appropriation, mandatory | 551 BA | 4,611 | 4,995 | 5,427 | 5,859 | 6,310 | 6,892 | 7,559 |
| | | | | J-73 | J-105 | J-114 | J-124 | J-136 |
| Outlays | O | 4,447 | 4,979 | 5,407 | 5,842 | 6,286 | 6,857 | 7,521 |
| | | | | J-73 | J-105 | J-114 | J-124 | J-136 |
| Total Government payment for annuitants, employees health benefits | BA | 4,611 | 4,995 | 5,354 | 5,754 | 6,196 | 6,768 | 7,423 |
| | O | 4,447 | 4,979 | 5,334 | 5,737 | 6,172 | 6,733 | 7,385 |
| Government payment for annuitants, employee life insurance: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 31 | 33 | 35 | 36 | 37 | 38 | 39 |
| Outlays | O | 31 | 33 | 35 | 36 | 37 | 38 | 39 |
| Payment to civil service retirement and disability fund: | | | | | | | | |
| Appropriation, mandatory | 805 BA | 21,401 | 21,245 | 21,509 | 21,819 | 22,224 | 22,588 | 22,974 |
| | | | | J 1 | J 1 | J 1 | J 2 | J 3 |
| Outlays | O | 21,401 | 21,245 | 21,509 | 21,819 | 22,224 | 22,588 | 22,974 |
| | | | | J 1 | J 1 | J 1 | J 2 | J 3 |
| Total Payment to civil service retirement and disability fund | BA | 21,401 | 21,245 | 21,510 | 21,820 | 22,225 | 22,590 | 22,977 |
| | O | 21,401 | 21,245 | 21,510 | 21,820 | 22,225 | 22,590 | 22,977 |
| Intragovernmental Funds: | | | | | | | | |
| Revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 805 BA | 185 | 243 | 267 | 267 | 270 | 277 | 283 |
| Outlays | O | 192 | 243 | 267 | 267 | 270 | 277 | 283 |
| Revolving fund (gross) | BA | 185 | 243 | 267 | 267 | 270 | 277 | 283 |
| | O | 192 | 243 | 267 | 267 | 270 | 277 | 283 |
| Change in receivables and unpaid, unfilled orders | BA | 18 | | | | | | |
| Total, offsetting collections | | -203 | -243 | -267 | -267 | -270 | -277 | -283 |
| Total Revolving fund (net) | BA | | | | | | | |
| | O | -11 | | | | | | |
| Trust funds | | | | | | | | |
| Civil service retirement and disability fund: | | | | | | | | |
| Appropriation, discretionary | 602 BA | 78 | 83 | 90 | 90 | 91 | 93 | 95 |
| Appropriation, mandatory | BA | 43,924 | 45,590 | 47,680 | 49,997 | 52,612 | 55,485 | 58,598 |
| | | | | B-2 | B-8 | B-12 | B-15 | B-18 |
| | | | | J 27 | J 64 | J 49 | J 11 | J-3 |
| Outlays | O | 43,932 | 45,455 | 47,540 | 49,815 | 52,227 | 55,279 | 58,372 |
| | | | | B-2 | B-8 | B-12 | B-15 | B-18 |
| | | | | J 27 | J 64 | J 49 | J 11 | J-3 |
| Total Civil service retirement and disability fund | BA | 44,002 | 45,673 | 47,795 | 50,143 | 52,740 | 55,574 | 58,672 |
| | O | 43,932 | 45,455 | 47,565 | 49,871 | 52,264 | 55,275 | 58,351 |

OFFICE OF PERSONNEL MANAGEMENT—Continued

(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|----------|----------------|----------|---------------|---------------|---------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Employees life insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 602 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Spending authority from offsetting collections, mandatory | BA | 2,596 | 3,188 | 3,280 | 3,409 | 3,469 | 3,495 | 3,593 |
| Outlays | O | 1,561 | 1,752 | 1,966 | 2,122 | 2,257 | 2,402 | 2,555 |
| Employees life insurance fund (gross) | BA | 2,598 | 3,190 | 3,282 | 3,411 | 3,471 | 3,497 | 3,595 |
| | O | 1,561 | 1,752 | 1,966 | 2,122 | 2,257 | 2,402 | 2,555 |
| Change in receivables and unpaid, unfilled orders | BA | 347 | -39 | 6 | -18 | -3 | 6 | -12 |
| Total, offsetting collections | | -2,945 | -3,151 | -3,288 | -3,393 | -3,468 | -3,502 | -3,582 |
| Total Employees life insurance fund (net) | BA | | | | | | 1 | 1 |
| | O | -1,384 | -1,399 | -1,322 | -1,271 | -1,211 | -1,100 | -1,027 |
| Employees and retired employees health benefits funds: | | | | | | | | |
| Spending authority from offsetting collections, discretionary | 551 BA | 20 | 23 | 23 | 23 | 23 | 24 | 24 |
| Spending authority from offsetting collections, mandatory | BA | 18,227 | 19,848 | 21,316 | 23,031 | 24,905 | 26,850 | 28,884 |
| | | | | <i>B</i> -78 | <i>B</i> -112 | <i>B</i> -122 | <i>B</i> -133 | <i>B</i> -142 |
| | | | | <i>J</i> -194 | <i>J</i> -280 | <i>J</i> -300 | <i>J</i> -323 | <i>J</i> -349 |
| Outlays | O | 18,463 | 20,006 | 21,411 | 23,224 | 25,079 | 27,165 | 29,189 |
| | | | | <i>B</i> -272 | <i>B</i> -392 | <i>B</i> -422 | <i>B</i> -456 | <i>B</i> -491 |
| Employees and retired employees health benefits funds (gross) | BA | 18,247 | 19,871 | 21,067 | 22,662 | 24,506 | 26,418 | 28,417 |
| | O | 18,463 | 20,006 | 21,139 | 22,832 | 24,657 | 26,709 | 28,698 |
| Change in receivables and unpaid, unfilled orders | BA | -208 | -87 | -74 | -85 | -93 | -96 | -101 |
| Total, offsetting collections | | -18,039 | -19,784 | -21,265 | -22,970 | -24,836 | -26,777 | -28,806 |
| | | | | <i>B</i> 78 | <i>B</i> 112 | <i>B</i> 122 | <i>B</i> 133 | <i>B</i> 142 |
| | | | | <i>J</i> 194 | <i>J</i> 280 | <i>J</i> 300 | <i>J</i> 323 | <i>J</i> 349 |
| Total Employees and retired employees health benefits funds (net) | BA | | | | -1 | -1 | 1 | 1 |
| | O | 424 | 222 | 146 | 254 | 243 | 388 | 383 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 26,131 | 26,365 | 27,001 | 27,712 | 28,561 | 29,502 | 30,547 |
| | O | 25,970 | 26,346 | 26,976 | 27,695 | 28,537 | 29,466 | 30,509 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 44,002 | 45,673 | 47,795 | 50,142 | 52,739 | 55,576 | 58,674 |
| | O | 42,972 | 44,278 | 46,389 | 48,854 | 51,296 | 54,563 | 57,707 |
| Interfund transactions | 602 BA/O | -26 | -27 | -26 | -25 | -25 | -25 | -25 |
| | 805 BA/O | -21,401 | -21,245 | -21,509 | -21,819 | -22,224 | -22,588 | -22,974 |
| | | | | <i>J</i> -1 | <i>J</i> -1 | <i>J</i> -1 | <i>J</i> -2 | <i>J</i> -3 |
| Total Office of Personnel Management | BA | 48,706 | 50,766 | 53,260 | 56,009 | 59,050 | 62,463 | 66,219 |
| | O | 47,515 | 49,352 | 51,829 | 54,704 | 57,583 | 61,414 | 65,214 |

SMALL BUSINESS ADMINISTRATION

(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 293 | 320 | 163 | 163 | 165 | 169 | 173 |
| Spending authority from offsetting collections, discretionary | BA | 275 | 281 | 290 | 290 | 293 | 301 | 307 |
| Outlays | O | 538 | 585 | 521 | 472 | 457 | 468 | 478 |
| Salaries and expenses (gross) | BA | 568 | 601 | 453 | 453 | 458 | 470 | 480 |
| | O | 538 | 585 | 521 | 472 | 457 | 468 | 478 |
| Total, offsetting collections | | -275 | -281 | -290 | -290 | -293 | -301 | -307 |
| Total Salaries and expenses (net) | BA | 293 | 320 | 163 | 163 | 165 | 169 | 173 |
| | O | 263 | 304 | 231 | 182 | 164 | 167 | 171 |
| Non-credit business assistance programs account: | | | | | | | | |
| Appropriation, discretionary | 376 BA | | | 256 | 256 | 259 | 265 | 271 |

SMALL BUSINESS ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|-----------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | | | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | | | 150 | 234 | 266 | 271 | 278 |
| Non-credit business assistance programs account (gross) | BA | | | 265 | 265 | 268 | 274 | 281 |
| | O | | | 150 | 234 | 266 | 271 | 278 |
| Total, offsetting collections | | | | -9 | -9 | -9 | -9 | -10 |
| Total Non-credit business assistance programs account (net) | BA | | | 256 | 256 | 259 | 265 | 271 |
| | O | | | 141 | 225 | 257 | 262 | 268 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 11 | 11 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 11 | 10 | 14 | 14 | 14 | 14 | 14 |
| Public Enterprise Funds: | | | | | | | | |
| Surety bond guarantees revolving fund: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 3 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 8 | 5 | 4 | 4 | 4 | 4 | 4 |
| Surety bond guarantees revolving fund (gross) | BA | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| | O | 8 | 5 | 4 | 4 | 4 | 4 | 4 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Surety bond guarantees revolving fund (net) | BA | 3 | | | | | | |
| | O | 4 | 1 | | | | | |
| Credit Accounts: | | | | | | | | |
| Business loan program account: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 225 | 254 | 332 | 332 | 336 | 344 | 352 |
| Appropriation, mandatory | BA | 35 | 5 | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 51 | | | | | | |
| Outlays | O | 358 | 282 | 314 | 332 | 335 | 341 | 349 |
| Limitation on loan guarantee commitments | | (13,500) | (16,500) | (18,213) | (18,213) | (18,432) | (18,889) | (19,302) |
| Business loan program account (gross) | BA | 311 | 259 | 332 | 332 | 336 | 344 | 352 |
| | O | 358 | 282 | 314 | 332 | 335 | 341 | 349 |
| Total, offsetting collections | | -51 | | | | | | |
| Total Business loan program account (net) | BA | 260 | 259 | 332 | 332 | 336 | 344 | 352 |
| | O | 307 | 282 | 314 | 332 | 335 | 341 | 349 |
| Business loan fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 376 BA | 313 | 421 | 419 | 383 | 270 | 258 | 146 |
| Outlays | O | | 147 | 159 | 220 | 198 | 195 | 93 |
| Business loan fund liquidating account (gross) | BA | 313 | 421 | 419 | 383 | 270 | 258 | 146 |
| | O | | 147 | 159 | 220 | 198 | 195 | 93 |
| Total, offsetting collections | | -313 | -421 | -419 | -383 | -270 | -258 | -146 |
| Total Business loan fund liquidating account (net) | BA | | | | | | | |
| | O | -313 | -274 | -260 | -163 | -72 | -63 | -53 |
| Disaster loans program account: | | | | | | | | |
| Appropriation, discretionary | 453 BA | 298 | 276 | 296 | 296 | 300 | 307 | 314 |
| | | | ^A 50 | | | | | |
| Appropriation, mandatory | BA | 337 | | | | | | |
| Outlays | O | 653 | 317 | 310 | 312 | 311 | 305 | 312 |
| Total Disaster loans program account | BA | 635 | 326 | 296 | 296 | 300 | 307 | 314 |
| | O | 653 | 317 | 310 | 312 | 311 | 305 | 312 |
| Disaster loan fund liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 453 BA | 70 | 130 | 29 | 206 | 1 | 1 | 1 |
| Outlays | O | 63 | 61 | 27 | | | | |
| Disaster loan fund liquidating account (gross) | BA | 70 | 130 | 29 | 206 | 1 | 1 | 1 |
| | O | 63 | 61 | 27 | | | | |

SMALL BUSINESS ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|----------|----------------|----------|------|-------|-------|-------|-------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -229 | -296 | -103 | -206 | -1 | -1 | -1 |
| Total Disaster loan fund liquidating account (net) | BA | -159 | -166 | -74 | | | | |
| | O | -166 | -235 | -76 | -206 | -1 | -1 | -1 |
| Pollution control equipment fund liquidating account: | | | | | | | | |
| Authority to borrow, mandatory | 376 BA | 4 | 3 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | 3 | 1 | | | | |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 1,047 | 753 | 988 | 1,062 | 1,075 | 1,101 | 1,126 |
| | O | 762 | 408 | 675 | 696 | 1,008 | 1,025 | 1,060 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 376 BA/O | -695 | -301 | | | | | |
| | 453 BA/O | -10 | | | | | | |
| Total Small Business Administration | BA | 342 | 452 | 988 | 1,062 | 1,075 | 1,101 | 1,126 |
| | O | 57 | 107 | 675 | 696 | 1,008 | 1,025 | 1,060 |

SOCIAL SECURITY ADMINISTRATION
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------------|---------------------|-------------------|------------------|------------------|------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Social Security Administration | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payments to social security trust funds: | | | | | | | | |
| Appropriation, mandatory | 651 BA | 10,830 | 11,663 | 10,985 | 11,494 | 12,048 | 12,813 | 13,725 |
| Outlays | O | 10,824 | 11,664 | 10,985 | 11,494 | 12,048 | 12,813 | 13,725 |
| Special benefits for disabled coal miners: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 383 | 384 | 366 | 348 | 325 | 302 | 280 |
| Advance appropriation, mandatory | BA | 160 | 141 | 124 | 114 | 106 | 99 | 91 |
| Outlays | O | 554 | 527 | 497 | 466 | 435 | 404 | 374 |
| Total Special benefits for disabled coal miners | BA | 543 | 525 | 490 | 462 | 431 | 401 | 371 |
| | O | 554 | 527 | 497 | 466 | 435 | 404 | 374 |
| Supplemental security income program: | | | | | | | | |
| Appropriation, discretionary | 609 BA | 2,321 | 2,360 | 2,592 | 2,592 | 2,623 | 2,689 | 2,747 |
| Appropriation, mandatory | BA | 19,433 | 19,710 | 20,671 | 21,434 | 22,349 | 23,293 | 25,995 |
| | | | ^B 2,190 | ^B -2,190 | ^B 23 | ^B 99 | ^B 208 | ^B 377 |
| Advance appropriation, mandatory | BA | 8,680 | 9,550 | 9,890 | 10,470 | 10,920 | 11,380 | 12,700 |
| Spending authority from offsetting collections, discretionary | BA | 75 | 80 | 91 | 91 | 92 | 94 | 96 |
| Spending authority from offsetting collections, mandatory | BA | 3,219 | 3,310 | 3,410 | 3,515 | 3,625 | 3,735 | 3,880 |
| | | | | | | ^B 9 | ^B 12 | ^B 6 |
| Outlays | O | 33,966 | 35,053 | 36,652 | 38,102 | 39,605 | 41,184 | 45,412 |
| | | | ^B 2,190 | ^B -2,190 | ^B 23 | ^B 99 | ^B 208 | ^B 377 |
| Supplemental security income program (gross) | BA | 33,728 | 37,200 | 34,464 | 38,125 | 39,717 | 41,411 | 45,801 |
| | O | 33,966 | 37,243 | 34,462 | 38,125 | 39,704 | 41,392 | 45,789 |
| Total, offsetting collections | | -3,294 | -3,390 | -3,501 | -3,606 | -3,717 | -3,829 | -3,976 |
| | | | | | | ^B -10 | ^B -13 | ^B -7 |
| | | | | | ^O -311 | | | |
| Total Supplemental security income program (net) | BA | 30,434 | 33,810 | 30,963 | 34,208 | 35,990 | 37,569 | 41,818 |
| | O | 30,672 | 33,853 | 30,961 | 34,208 | 35,977 | 37,550 | 41,806 |
| Special benefits for certain World War II veterans: | | | | | | | | |
| Appropriation, discretionary | 701 BA | | 3 | 2 | 2 | 2 | 2 | 2 |
| Appropriation, mandatory | BA | | 5 | 9 | 8 | 8 | 7 | 6 |
| Outlays | O | | 8 | 11 | 10 | 10 | 9 | 8 |
| Total Special benefits for certain World War II veterans | BA | | 8 | 11 | 10 | 10 | 9 | 8 |
| | O | | 8 | 11 | 10 | 10 | 9 | 8 |

SOCIAL SECURITY ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|---------|---------|---------|---------|---------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Office of the Inspector General: | | | | | | | | |
| Appropriation, discretionary | 651 BA | 12 | 15 | 17 | 17 | 17 | 18 | 18 |
| Spending authority from offsetting collections, discretionary | BA | 44 | 51 | 56 | 56 | 57 | 58 | 59 |
| Outlays | O | 50 | 69 | 72 | 73 | 73 | 76 | 78 |
| <hr/> | | | | | | | | |
| Office of the Inspector General (gross) | BA | 56 | 66 | 73 | 73 | 74 | 76 | 77 |
| | O | 50 | 69 | 72 | 73 | 73 | 76 | 78 |
| <hr/> | | | | | | | | |
| Change in receivables and unpaid, unfilled orders | BA | 2 | 4 | -1 | | | | |
| Total, offsetting collections | | -46 | -55 | -55 | -55 | -56 | -57 | -58 |
| <hr/> | | | | | | | | |
| Total Office of the Inspector General (net) | BA | 12 | 15 | 17 | 18 | 18 | 19 | 19 |
| | O | 4 | 14 | 17 | 18 | 17 | 19 | 20 |
| <hr/> | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Federal old-age and survivors insurance trust fund: | | | | | | | | |
| Appropriation, discretionary | 651 BA | 1,738 | 1,747 | 1,900 | 1,900 | 1,922 | 1,970 | 2,014 |
| Appropriation, mandatory | BA | 337,145 | 350,297 | 366,095 | 381,093 | 398,111 | 416,469 | 436,449 |
| | | | | J-231 | J-210 | J-131 | J-103 | J-96 |
| Spending authority from offsetting collections, mandatory | BA | 2,512 | 2,382 | 2,608 | 2,535 | 2,612 | 2,691 | 2,773 |
| Outlays | O | 340,427 | 353,364 | 369,405 | 384,244 | 401,198 | 419,547 | 439,528 |
| | | | | J-64 | J-113 | J-144 | J-153 | |
| <hr/> | | | | | | | | |
| Federal old-age and survivors insurance trust fund (gross) | BA | 341,395 | 354,426 | 370,372 | 385,318 | 402,514 | 421,027 | 441,140 |
| | O | 340,427 | 353,364 | 369,405 | 384,308 | 401,311 | 419,691 | 439,681 |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | -2,512 | -2,382 | -2,608 | -2,535 | -2,612 | -2,691 | -2,773 |
| <hr/> | | | | | | | | |
| Total Federal old-age and survivors insurance trust fund (net) | BA | 338,883 | 352,044 | 367,764 | 382,783 | 399,902 | 418,336 | 438,367 |
| | O | 337,915 | 350,982 | 366,797 | 381,773 | 398,699 | 417,000 | 436,908 |
| <hr/> | | | | | | | | |
| Federal disability insurance trust fund: | | | | | | | | |
| Appropriation, discretionary | 651 BA | 1,406 | 1,413 | 1,534 | 1,534 | 1,552 | 1,591 | 1,625 |
| Appropriation, mandatory | BA | 50,823 | 54,584 | 58,919 | 63,679 | 69,149 | 75,359 | 82,093 |
| | | | | J-40 | J-47 | J-41 | J-42 | J-42 |
| Outlays | O | 52,142 | 55,657 | 60,118 | 64,877 | 70,225 | 76,422 | 83,148 |
| <hr/> | | | | | | | | |
| Total Federal disability insurance trust fund | BA | 52,229 | 55,997 | 60,413 | 65,166 | 70,660 | 76,908 | 83,676 |
| | O | 52,142 | 55,657 | 60,118 | 64,877 | 70,225 | 76,422 | 83,148 |
| <hr/> | | | | | | | | |
| Total Federal funds Social Security Administration | BA | 41,819 | 46,021 | 42,466 | 46,192 | 48,497 | 50,811 | 55,941 |
| | O | 42,054 | 46,066 | 42,471 | 46,196 | 48,487 | 50,795 | 55,933 |
| <hr/> | | | | | | | | |
| Total Trust funds Social Security Administration | BA | 391,112 | 408,041 | 428,177 | 447,949 | 470,562 | 495,244 | 522,043 |
| | O | 390,057 | 406,639 | 426,915 | 446,650 | 468,924 | 493,422 | 520,056 |

Summary

On-Budget

| | | | | | | | | |
|--|----------|--------|--------|--------|--------|--------|--------|--------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 41,819 | 46,021 | 42,466 | 46,192 | 48,497 | 50,811 | 55,941 |
| | O | 42,054 | 46,066 | 42,471 | 46,196 | 48,487 | 50,795 | 55,933 |
| <hr/> | | | | | | | | |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 609 BA/O | -1,479 | -1,548 | -1,612 | -1,679 | -1,745 | -1,814 | -2,009 |
| <hr/> | | | | | | | | |
| Total Federal funds | BA | 40,340 | 44,473 | 40,854 | 44,513 | 46,752 | 48,997 | 53,932 |
| | O | 40,575 | 44,518 | 40,859 | 44,517 | 46,742 | 48,981 | 53,924 |
| <hr/> | | | | | | | | |
| Interfund transactions | | | | | | | | |
| Total Social Security Administration (on-budget) | 651 BA/O | | | -1,152 | | | | |
| | BA | 40,340 | 44,473 | 39,702 | 44,513 | 46,752 | 48,997 | 53,932 |
| | O | 40,575 | 44,518 | 39,707 | 44,517 | 46,742 | 48,981 | 53,924 |

Off-Budget

| | | | | | | | | |
|----------------------------------|----|---------|---------|---------|---------|---------|---------|---------|
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 391,112 | 408,041 | 428,177 | 447,949 | 470,562 | 495,244 | 522,043 |
| | O | 390,057 | 406,639 | 426,915 | 446,650 | 468,924 | 493,422 | 520,056 |

SOCIAL SECURITY ADMINISTRATION—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 651 BA/O | -20 | -29 | -42 | -42 | -42 | -42 | -42 |
| | 903 BA/O | -1 | | | | | | |
| Total Trust funds | BA | 391,091 | 408,012 | 428,135 | 447,907 | 470,520 | 495,202 | 522,001 |
| | O | 390,036 | 406,610 | 426,873 | 446,608 | 468,882 | 493,380 | 520,014 |
| Interfund transactions | 651 BA/O | -10,824 | -11,663 | -10,985 | -11,494 | -12,048 | -12,813 | -13,725 |
| Total Social Security Administration (off-budget) | BA | 380,267 | 396,349 | 417,150 | 436,413 | 458,472 | 482,389 | 508,276 |
| | O | 379,212 | 394,947 | 415,888 | 435,114 | 456,834 | 480,567 | 506,289 |
| Total Social Security Administration | BA | 420,607 | 440,822 | 456,852 | 480,926 | 505,224 | 531,386 | 562,208 |
| | O | 419,787 | 439,465 | 455,595 | 479,631 | 503,576 | 529,548 | 560,213 |

OTHER INDEPENDENT AGENCIES

(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---------|--|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |

Advisory Council on Historic Preservation

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 303 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

Appalachian Regional Commission

Federal funds

General and Special Funds:

Appalachian regional commission:

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|----|----|----|----|
| Appropriation, discretionary | 452 BA | 66 | 66 | 71 | 71 | 72 | 74 | 75 |
| Outlays | O | 141 | 151 | 113 | 66 | 54 | 64 | 71 |

Trust funds

Miscellaneous trust funds:

| | | | | | | | | |
|--------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, mandatory | 452 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 5 | 6 | 6 | 5 | 5 | 5 | 5 |

Summary

Federal funds:

| | | | | | | | | |
|----------------------------------|----|-----|-----|-----|----|----|----|----|
| (As shown in detail above) | BA | 66 | 66 | 71 | 71 | 72 | 74 | 75 |
| | O | 141 | 151 | 113 | 66 | 54 | 64 | 71 |

Trust funds:

| | | | | | | | | |
|----------------------------------|----|---|---|---|---|---|---|---|
| (As shown in detail above) | BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| | O | 5 | 6 | 6 | 5 | 5 | 5 | 5 |

Deductions for offsetting receipts:

| | | | | | | | | |
|--|----------|----|----|----|----|----|----|----|
| Proprietary receipts from the public | 452 BA/O | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
|--|----------|----|----|----|----|----|----|----|

| | | | | | | | | |
|-------------------------|----|---|---|---|---|---|---|---|
| Total Trust funds | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | O | 2 | 3 | 3 | 2 | 2 | 2 | 2 |

| | | | | | | | | |
|------------------------------|----------|----|----|----|----|----|----|----|
| Interfund transactions | 452 BA/O | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
|------------------------------|----------|----|----|----|----|----|----|----|

| | | | | | | | | |
|---|----|-----|-----|-----|----|----|----|----|
| Total Appalachian Regional Commission | BA | 66 | 66 | 71 | 71 | 72 | 74 | 75 |
| | O | 140 | 151 | 113 | 65 | 53 | 63 | 70 |

Architectural and Transportation Barriers Compliance Board

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 751 BA | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 4 | 5 | 6 | 6 | 6 | 6 | 6 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Barry Goldwater Scholarship and Excellence in Education Foundation | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Barry Goldwater Scholarship and Excellence in Education Foundation: | | | | | | | | |
| Appropriation, mandatory | 502 BA | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Broadcasting Board of Governors | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| International broadcasting operations: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 362 | 372 | 405 | 405 | 410 | 420 | 429 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 364 | 385 | 403 | 405 | 410 | 420 | 429 |
| International broadcasting operations (gross) | BA | 363 | 373 | 406 | 406 | 411 | 421 | 430 |
| | O | 364 | 385 | 403 | 405 | 410 | 420 | 429 |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total International broadcasting operations (net) | BA | 362 | 372 | 405 | 405 | 410 | 420 | 429 |
| | O | 363 | 384 | 402 | 404 | 409 | 419 | 428 |
| Broadcasting capital improvements: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 13 | 10 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 41 | 22 | 16 | 16 | 20 | 20 | 20 |
| Broadcasting to Cuba: | | | | | | | | |
| Appropriation, discretionary | 154 BA | 22 | 22 | 23 | 23 | 23 | 24 | 24 |
| Outlays | O | 18 | 22 | 24 | 23 | 23 | 23 | 25 |
| <i>Trust funds</i> | | | | | | | | |
| Foreign Service National Separation Liability Trust Fund: | | | | | | | | |
| Outlays | 602 O | | 1 | | | | | |
| Total Federal funds Broadcasting Board of Governors | BA | 397 | 404 | 448 | 448 | 453 | 465 | 474 |
| | O | 422 | 428 | 442 | 443 | 452 | 462 | 473 |
| Total Trust funds Broadcasting Board of Governors | O | | 1 | | | | | |
| Central Intelligence Agency | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to Central Intelligence Agency retirement and disability system fund: | | | | | | | | |
| Appropriation, mandatory | 054 BA | 202 | 209 | 216 | 228 | 239 | 252 | 261 |
| Outlays | O | 202 | 209 | 216 | 228 | 239 | 252 | 261 |
| Chemical Safety and Hazard Investigation Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Chemical safety and hazard investigation board: | | | | | | | | |
| Appropriation, discretionary | 304 BA | 7 | 8 | 8 | 8 | 8 | 8 | 8 |
| Outlays | O | 5 | 11 | 8 | 8 | 8 | 8 | 8 |
| Christopher Columbus Fellowship Foundation | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Christopher Columbus Fellowship Foundation: | | | | | | | | |
| Appropriation, mandatory | 502 BA | 1 | | | | | | |
| Commission of Fine Arts | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| National capital arts and cultural affairs: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| D.C. arts education grants: | | | | | | | | |
| Appropriation, discretionary | 451 BA | | | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | | | 1 | 1 | 1 | 1 | 1 |
| Total Federal funds Commission of Fine Arts | BA | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| | O | 8 | 8 | 9 | 9 | 9 | 9 | 9 |

Commission on Civil Rights

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|------------------|----|----|----|----|----|
| Appropriation, discretionary | 751 BA | 9 | 9 ^{A 1} | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | 8 | 8 | 11 | 11 | 11 | 12 | 12 |
| Total Salaries and expenses | BA | 9 | 10 | 11 | 11 | 11 | 11 | 12 |
| | O | 8 | 8 | 11 | 11 | 11 | 12 | 12 |

Committee for Purchase from People who are Blind or Severely Disabled, activities

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|------------------|---|---|---|---|---|
| Appropriation, discretionary | 505 BA | 2 | 3 ^{A 1} | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 3 | 4 ^{A 1} | 4 | 4 | 4 | 4 | 4 |
| Total Salaries and expenses | BA | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| | O | 3 | 5 | 4 | 4 | 4 | 4 | 4 |

Commodity Futures Trading Commission

Federal funds

General and Special Funds:

Commodity Futures Trading Commission:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 376 BA | 61 | 63 | 72 | 72 | 73 | 75 | 76 |
| Outlays | O | 60 | 64 | 71 | 72 | 73 | 74 | 76 |

Consumer Product Safety Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 554 BA | 47 | 49 | 52 | 52 | 53 | 54 | 55 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 48 | 51 | 55 | 55 | 56 | 57 | 58 |
| Salaries and expenses (gross) | BA | 49 | 51 | 55 | 55 | 56 | 57 | 58 |
| | O | 48 | 51 | 55 | 55 | 56 | 57 | 58 |
| Total, offsetting collections | | -2 | -2 | -3 | -3 | -3 | -3 | -3 |
| Total Salaries and expenses (net) | BA | 47 | 49 | 52 | 52 | 53 | 54 | 55 |
| | O | 46 | 49 | 52 | 52 | 53 | 54 | 55 |

Corporation for National and Community Service

Federal funds

General and Special Funds:

National and community service programs, operating expenses:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 506 BA | 437 | 433 | 534 | 534 | 540 | 554 | 566 |
| Outlays | O | 372 | 419 | 498 | 724 | 515 | 540 | 552 |
| Domestic volunteer service programs, Operating expenses: | | | | | | | | |
| Appropriation, discretionary | 506 BA | 276 | 295 | 313 | 313 | 317 | 325 | 332 |
| Spending authority from offsetting collections, discretionary | BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------------------|----------------|------------|------------|------------|------------|------------|------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 255 | 277 | 315 | 293 | 319 | 328 | 335 |
| Domestic volunteer service programs, Operating expenses (gross) | BA | 283 | 302 | 320 | 320 | 324 | 332 | 339 |
| | O | 255 | 277 | 315 | 293 | 319 | 328 | 335 |
| Total, offsetting collections | | -7 | -7 | -7 | -7 | -7 | -7 | -7 |
| Total Domestic volunteer service programs, Operating expenses (net) | BA | 276 | 295 | 313 | 313 | 317 | 325 | 332 |
| | O | 248 | 270 | 308 | 286 | 312 | 321 | 328 |
| Inspector general: | | | | | | | | |
| Appropriation, discretionary | 506 BA | 3 | 4 | 5 | 5 | 5 | 5 | 5 |
| Outlays | O | 3 | 4 | 5 | 8 | 5 | 5 | 5 |
| | <i>Trust funds</i> | | | | | | | |
| Gifts and contributions: | | | | | | | | |
| Appropriation, discretionary | 506 BA | 70 | -10 | 80 | 80 | 81 | 83 | 85 |
| Appropriation, mandatory | BA | 26 | 19 | 20 | 32 | 32 | 32 | 32 |
| Outlays | O | 56 | 75 | 84 | 21 | 37 | 46 | 47 |
| Total Gifts and contributions | BA | 96 | 9 | 100 | 112 | 113 | 115 | 117 |
| | O | 56 | 75 | 84 | 21 | 37 | 46 | 47 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 716 | 732 | 852 | 852 | 862 | 884 | 903 |
| | O | 623 | 693 | 811 | 1,018 | 832 | 866 | 885 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 96 | 9 | 100 | 112 | 113 | 115 | 117 |
| | O | 56 | 75 | 84 | 21 | 37 | 46 | 47 |
| Interfund transactions | 506 BA/O | -70 | -70 | -80 | -80 | -81 | -83 | -85 |
| Total Corporation for National and Community Service | BA | 742 | 671 | 872 | 884 | 894 | 916 | 935 |
| | O | 609 | 698 | 815 | 959 | 788 | 829 | 847 |

Corporation for Public Broadcasting

Federal funds

General and Special Funds:

Corporation for public broadcasting:

| | | | | | | | | |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 503 BA | 31 | 10 | 20 | | | | |
| Advance appropriation, discretionary | BA | 250 | 316 | 340 | 385 | 395 | 374 | 382 |
| Outlays | O | 281 | 317 | 345 | 362 | 386 | 399 | 403 |
| Total Corporation for public broadcasting | BA | 281 | 326 | 360 | 385 | 395 | 374 | 382 |
| | O | 281 | 317 | 345 | 362 | 386 | 399 | 403 |

Court of Appeals for Veterans Claims

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 705 BA | 10 | 11 | 12 | 12 | 12 | 12 | 13 |
| Outlays | O | 9 | 11 | 12 | 12 | 12 | 12 | 12 |

Court Services and Offender Supervision Agency for the District of Columbia

Federal funds

General and Special Funds:

Federal payment to the Court Services and Offender Supervision Agency for the District of Columbia:

| | | | | | | | | |
|------------------------------------|--------|----|----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 752 BA | 60 | 94 | 104 | 104 | 105 | 108 | 110 |
| Outlays | O | 57 | 75 | 102 | 104 | 105 | 107 | 110 |

Defense Nuclear Facilities Safety Board

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 053 BA | 17 | 17 | 18 | 18 | 18 | 19 | 19 |
|------------------------------------|--------|----|----|----|----|----|----|----|

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Outlays | O | 17 | 18 | 19 | 18 | 18 | 18 | 18 |
| Delta Regional Authority | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Delta regional authority: | | | | | | | | |
| Appropriation, discretionary | 452 BA | | '30 | '30 | '30 | '31 | '32 | |
| Outlays | O | | '3 | '9 | '18 | '23 | '27 | |
| Denali Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Denali commission: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 20 | 20 | 20 | 20 | 20 | 21 | 21 |
| Outlays | O | 1 | 19 | 20 | 20 | 20 | 20 | 21 |
| <i>Trust funds</i> | | | | | | | | |
| Denali commission trust fund: | | | | | | | | |
| Appropriation, discretionary | 452 BA | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| District of Columbia | | | | | | | | |
| <i>District of Columbia Courts</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Federal payment to the District of Columbia Courts: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 131 | 100 | 103 | 103 | 104 | 107 | 109 |
| Outlays | O | 128 | 90 | 103 | 103 | 104 | 106 | 109 |
| Defender services in District of Columbia courts: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 33 | 38 | 38 | 38 | 39 | 40 | 40 |
| Outlays | O | 30 | 37 | 38 | 39 | 39 | 40 | 40 |
| Federal payment to the District of Columbia Criminal Justice System: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 4 | | | | | | |
| Outlays | O | 4 | | | | | | |
| Federal payment to the District of Columbia Judicial Retirement and Survivors Annuity Fund: | | | | | | | | |
| Appropriation, mandatory | 752 BA | 6 | 5 | 5 | 5 | 6 | 6 | 6 |
| Outlays | O | 6 | 5 | 5 | 5 | 6 | 6 | 6 |
| <i>Trust funds</i> | | | | | | | | |
| District of Columbia Judicial Retirement and Survivors Annuity Fund: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 6 | 5 | 5 | 5 | 6 | 6 | 6 |
| Outlays | O | 2 | 6 | 6 | 6 | 6 | 6 | 6 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 141 | 138 | 146 | 146 | 148 | 152 | 155 |
| | O | 138 | 125 | 145 | 146 | 149 | 151 | 155 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 6 | 5 | 5 | 5 | 6 | 6 | 6 |
| | O | 2 | 6 | 6 | 6 | 6 | 6 | 6 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 602 BA/O | -66 | | | | | | |
| Total Trust funds | BA | -60 | 5 | 5 | 5 | 6 | 6 | 6 |
| | O | -64 | 6 | 6 | 6 | 6 | 6 | 6 |
| Interfund transactions | 752 BA/O | -6 | -5 | -5 | -5 | -6 | -6 | -6 |
| Total District of Columbia Courts | BA | 75 | 138 | 146 | 146 | 148 | 152 | 155 |
| | O | 68 | 126 | 146 | 147 | 149 | 151 | 155 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|----------|------|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| <i>District of Columbia Corrections</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to the District of Columbia Corrections Trustee, Operations: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 185 | 175 | 134 | 134 | 136 | 139 | 142 |
| Outlays | O | 152 | 208 | 134 | 134 | 136 | 139 | 142 |
| <i>District of Columbia General and Special Payments</i> | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Federal payment for resident tuition support: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 17 | 17 | 17 | 17 | 18 | 18 | |
| Outlays | O | 17 | 17 | 17 | 17 | 18 | 18 | |
| Federal support for economic development and management reforms in the District: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 297 | 32 | 49 | 49 | 50 | 51 | 52 |
| Outlays | O | 244 | 81 | 49 | 49 | 50 | 51 | 52 |
| Federal payment for Management Reform: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 25 | | | | | | |
| Outlays | O | 25 | | | | | | |
| Federal payment for Medicare Coordinated Care Demonstration Project: | | | | | | | | |
| Appropriation, discretionary | 806 BA | 3 | | | | | | |
| Outlays | O | 3 | | | | | | |
| Federal payment for water and sewer services: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 806 BA | 23 | 22 | 22 | 22 | 22 | 22 | |
| Outlays | O | 36 | 22 | 22 | 22 | 22 | 22 | |
| Federal payment for water and sewer services (gross) | BA | 23 | 22 | 22 | 22 | 22 | 22 | |
| Outlays | O | 36 | 22 | 22 | 22 | 22 | 22 | |
| Total, offsetting collections | | -23 | -22 | -22 | -22 | -22 | -22 | |
| Total Federal payment for water and sewer services (net) | BA | 13 | | | | | | |
| Outlays | O | | | | | | | |
| Federal supplemental District of Columbia Pension Fund: | | | | | | | | |
| Total, offsetting collections | 601 | 21 | -36 | -48 | -60 | -74 | -88 | -102 |
| <i>Trust funds</i> | | | | | | | | |
| District of Columbia Federal pension liability trust fund: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 172 | 450 | 454 | 459 | 463 | 466 | 469 |
| Outlays | O | 140 | 450 | 454 | 459 | 463 | 466 | 469 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 346 | 13 | 18 | 6 | -7 | -19 | -32 |
| Outlays | O | 306 | 62 | 18 | 6 | -7 | -19 | -32 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 172 | 450 | 454 | 459 | 463 | 466 | 469 |
| Outlays | O | 140 | 450 | 454 | 459 | 463 | 466 | 469 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 601 BA/O | -3,357 | -171 | -156 | -139 | -121 | -102 | -82 |
| Total Trust funds | BA | -3,185 | 279 | 298 | 320 | 342 | 364 | 387 |
| Outlays | O | -3,217 | 279 | 298 | 320 | 342 | 364 | 387 |
| Total District of Columbia General and Special Payments | BA | -2,839 | 292 | 316 | 326 | 335 | 345 | 355 |
| Outlays | O | -2,911 | 341 | 316 | 326 | 335 | 345 | 355 |
| Total Federal funds District of Columbia | BA | 672 | 326 | 298 | 286 | 277 | 272 | 265 |
| Outlays | O | 596 | 395 | 297 | 286 | 278 | 271 | 265 |
| Total Trust funds District of Columbia | BA | -3,245 | 284 | 303 | 325 | 348 | 370 | 393 |
| Outlays | O | -3,281 | 285 | 304 | 326 | 348 | 370 | 393 |
| Interfund transactions | 752 BA/O | -6 | -5 | -5 | -5 | -6 | -6 | -6 |
| Total District of Columbia | BA | -2,579 | 605 | 596 | 606 | 619 | 636 | 652 |
| Outlays | O | -2,691 | 675 | 596 | 607 | 620 | 635 | 652 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Equal Employment Opportunity Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 751 BA | 279 | 281 | 322 | 322 | 326 | 334 | 342 |
| Outlays | O | 256 | 261 | 321 | 322 | 325 | 333 | 341 |
| Intragovernmental Funds: | | | | | | | | |
| EEOC Education, technical assistance and training revolving fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 751 BA | 2 | 3 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| EEOC Education, technical assistance and training revolving fund (gross) | BA | 2 | 3 | 4 | 4 | 4 | 4 | 4 |
| | O | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total, offsetting collections | | -2 | -3 | -4 | -4 | -4 | -4 | -4 |
| Total EEOC Education, technical assistance and training revolving fund (net) | BA | | | | | | | |
| | O | -1 | -1 | -2 | -2 | -2 | -2 | -2 |
| Total Federal funds Equal Employment Opportunity Commission | BA | 279 | 281 | 322 | 322 | 326 | 334 | 342 |
| | O | 255 | 260 | 319 | 320 | 323 | 331 | 339 |

Export-Import Bank of the United States

Federal funds

Credit Accounts:

| | | | | | | | | |
|---|--------|--------|-------|-------|-------|-------|-------|-------|
| Export Import Bank loans program account: | | | | | | | | |
| Appropriation, discretionary | 155 BA | 825 | 811 | 1,026 | 1,026 | 1,039 | 1,064 | 1,088 |
| Appropriation, mandatory | BA | | 1,663 | | | | | |
| Outlays | O | 746 | 2,276 | 665 | 720 | 813 | 895 | 955 |
| Total Export Import Bank loans program account | BA | 825 | 2,474 | 1,026 | 1,026 | 1,039 | 1,064 | 1,088 |
| | O | 746 | 2,276 | 665 | 720 | 813 | 895 | 955 |
| Export-Import Bank of the United States liquidating account: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 155 BA | 1,150 | 617 | 597 | 520 | 466 | 448 | 436 |
| Outlays | O | 258 | 17 | 22 | | | | |
| Export-Import Bank of the United States liquidating account (gross) | BA | 1,150 | 617 | 597 | 520 | 466 | 448 | 436 |
| | O | 258 | 17 | 22 | | | | |
| Total, offsetting collections | | -1,150 | -617 | -597 | -520 | -466 | -448 | -436 |
| Total Export-Import Bank of the United States liquidating account (net) | BA | | | | | | | |
| | O | -892 | -600 | -575 | -520 | -466 | -448 | -436 |

Summary

| | | | | | | | | |
|---|----------|------|--------|-------|-------|-------|-------|-------|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 825 | 2,474 | 1,026 | 1,026 | 1,039 | 1,064 | 1,088 |
| | O | -146 | 1,676 | 90 | 200 | 347 | 447 | 519 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 155 BA/O | -13 | -2,251 | -16 | -11 | -7 | -3 | |
| Total Export-Import Bank of the United States | BA | 812 | 223 | 1,010 | 1,015 | 1,032 | 1,061 | 1,088 |
| | O | -159 | -575 | 74 | 189 | 340 | 444 | 519 |

Farm Credit Administration

Federal funds

Public Enterprise Funds:

| | | | | | | | | |
|---|--------|------|------|------|------|------|------|------|
| Revolving fund for administrative expenses: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 351 BA | 34 | 36 | 37 | 38 | 39 | 40 | 41 |
| Outlays | O | 34 | 36 | 37 | 38 | 39 | 40 | 41 |
| Limitation on administrative expenses | | (36) | (36) | (37) | (37) | (37) | (38) | (39) |
| Revolving fund for administrative expenses (gross) | BA | 34 | 36 | 37 | 38 | 39 | 40 | 41 |
| | O | 34 | 36 | 37 | 38 | 39 | 40 | 41 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|---------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Total, offsetting collections | | -34 | -36 | -37 | -38 | -39 | -40 | -41 |
| Total Revolving fund for administrative expenses (net) | BA O | | | | | | | |

Farm Credit System Financial Assistance Corporation

Federal funds

Credit Accounts:

Financial assistance corporation assistance fund, liquidating account:

| | | | | | | | | | |
|---|-----|----|------|------|------|------|------|-----|-----|
| Spending authority from offsetting collections, mandatory | 351 | BA | 194 | 151 | 137 | 143 | 166 | 74 | 64 |
| Outlays | | O | 499 | 79 | 71 | 71 | 71 | 29 | 29 |
| Financial assistance corporation assistance fund, liquidating account (gross) | | BA | 194 | 151 | 137 | 143 | 166 | 74 | 64 |
| | | O | 499 | 79 | 71 | 71 | 71 | 29 | 29 |
| Total, offsetting collections | | | -194 | -151 | -137 | -143 | -166 | -74 | -64 |
| Total Financial assistance corporation assistance fund, liquidating account (net) | | BA | | | | | | | |
| | | O | 305 | -72 | -66 | -72 | -95 | -45 | -35 |

Trust funds

Financial assistance corporation trust fund:

| | | | | | | | | | |
|--------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, mandatory | 351 | BA | 7 | 5 | 6 | 6 | 6 | 6 | 7 |
|--------------------------------|-----|----|---|---|---|---|---|---|---|

Farm Credit System Insurance Corporation

Federal funds

Public Enterprise Funds:

Farm credit system insurance fund:

| | | | | | | | | | |
|---|-----|----|------|------|------|------|------|------|------|
| Spending authority from offsetting collections, mandatory | 351 | BA | 122 | 111 | 118 | 126 | 134 | 143 | 153 |
| Outlays | | O | 59 | 2 | 2 | 2 | 2 | 2 | 2 |
| Farm credit system insurance fund (gross) | | BA | 122 | 111 | 118 | 126 | 134 | 143 | 153 |
| | | O | 59 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total, offsetting collections | | | -122 | -111 | -118 | -126 | -134 | -143 | -153 |
| Total Farm credit system insurance fund (net) | | BA | | | | | | | |
| | | O | -63 | -109 | -116 | -124 | -132 | -141 | -151 |

Federal Communications Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | | |
|---|-----|----|------|------|------|------|------|------|------|
| Appropriation, discretionary | 376 | BA | 28 | 24 | 37 | 37 | 37 | 38 | 39 |
| | | | | | ∕2 | ∕2 | ∕2 | ∕2 | ∕2 |
| Spending authority from offsetting collections, discretionary | | BA | 225 | 233 | 242 | 242 | 244 | 251 | 256 |
| Outlays | | O | 231 | 279 | 278 | 279 | 282 | 289 | 295 |
| | | | | | ∕2 | ∕2 | ∕2 | ∕2 | ∕2 |
| Salaries and expenses (gross) | | BA | 253 | 257 | 281 | 281 | 283 | 291 | 297 |
| | | O | 231 | 279 | 280 | 281 | 284 | 291 | 297 |
| Total, offsetting collections | | | -225 | -233 | -242 | -242 | -245 | -251 | -257 |
| Total Salaries and expenses (net) | | BA | 28 | 24 | 39 | 39 | 38 | 40 | 40 |
| | | O | 6 | 46 | 38 | 39 | 39 | 40 | 40 |

Universal service fund:

| | | | | | | | | | |
|--------------------------------|-----|----|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, mandatory | 376 | BA | 3,752 | 4,616 | 4,897 | 5,474 | 6,113 | 6,783 | 7,482 |
| Outlays | | O | 3,293 | 5,757 | 4,913 | 5,567 | 6,139 | 6,783 | 7,482 |

Credit Accounts:

Spectrum auction program account:

| | | | | | | | | | |
|---|-----|----|-------|-------|---|---|---|---|---|
| Appropriation, mandatory | 376 | BA | 1,409 | | | | | | |
| Spending authority from offsetting collections, mandatory | | BA | 42 | 1,812 | | | | | |
| Outlays | | O | 1,411 | 33 | 6 | 6 | 6 | 6 | 6 |
| Spectrum auction program account (gross) | | BA | 1,451 | 1,812 | | | | | |
| | | O | 1,411 | 33 | 6 | 6 | 6 | 6 | 6 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -42 | -1,812 | | | | | |
| Total Spectrum auction program account (net) | BA | 1,409 | | | | | | |
| | O | 1,369 | -1,779 | 6 | 6 | 6 | 6 | 6 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 5,189 | 4,640 | 4,936 | 5,513 | 6,151 | 6,823 | 7,522 |
| | O | 4,668 | 4,024 | 4,957 | 5,612 | 6,184 | 6,829 | 7,528 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 376 BA/O | -26 | -26 | -26 | -26 | -26 | -26 | -26 |
| Total Federal Communications Commission | BA | 5,163 | 4,614 | 4,910 | 5,487 | 6,125 | 6,797 | 7,496 |
| | O | 4,642 | 3,998 | 4,931 | 5,586 | 6,158 | 6,803 | 7,502 |

Federal Deposit Insurance Corporation

Bank Insurance
Federal funds

Credit Accounts:

| | | | | | | | | |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bank insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 3,010 | 2,068 | 2,297 | 2,348 | 2,719 | 3,250 | 4,003 |
| Outlays | O | 1,987 | 2,258 | 1,484 | 1,764 | 2,498 | 3,372 | 4,875 |
| Bank insurance fund (gross) | BA | 3,010 | 2,068 | 2,297 | 2,348 | 2,719 | 3,250 | 4,003 |
| | O | 1,987 | 2,258 | 1,484 | 1,764 | 2,498 | 3,372 | 4,875 |
| Total, offsetting collections | | -3,022 | -2,093 | -2,323 | -2,374 | -2,745 | -3,276 | -4,029 |
| | | | | J-4 | J-9 | J-16 | J-23 | J-32 |
| | | | | O-92 | O-96 | O-102 | O-106 | O-111 |
| Total Bank insurance fund (net) | BA | -12 | -25 | -122 | -131 | -144 | -155 | -169 |
| | O | -1,035 | 165 | -935 | -715 | -365 | -33 | 703 |
| Public Enterprise Funds: | | | | | | | | |
| Savings association insurance fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 692 | 673 | 695 | 874 | 1,029 | 1,206 | 1,465 |
| Outlays | O | 257 | 337 | 353 | 551 | 783 | 1,010 | 1,545 |
| Savings association insurance fund (gross) | BA | 692 | 673 | 695 | 874 | 1,029 | 1,206 | 1,465 |
| | O | 257 | 337 | 353 | 551 | 783 | 1,010 | 1,545 |
| Total, offsetting collections | | -693 | -677 | -699 | -878 | -1,033 | -1,210 | -1,469 |
| Total Savings association insurance fund (net) | BA | -1 | -4 | -4 | -4 | -4 | -4 | -4 |
| | O | -436 | -340 | -346 | -327 | -250 | -200 | 76 |
| FSLIC resolution fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 3,906 | 2,308 | 733 | 996 | 296 | 421 | 151 |
| Outlays | O | 339 | 1,406 | 738 | 1,143 | 316 | 337 | 67 |
| FSLIC resolution fund (gross) | BA | 3,906 | 2,308 | 733 | 996 | 296 | 421 | 151 |
| | O | 339 | 1,406 | 738 | 1,143 | 316 | 337 | 67 |
| Total, offsetting collections | | -3,922 | -2,312 | -737 | -1,000 | -300 | -425 | -155 |
| Total FSLIC resolution fund (net) | BA | -16 | -4 | -4 | -4 | -4 | -4 | -4 |
| | O | -3,583 | -906 | 1 | 143 | 16 | -88 | -88 |
| Intragovernmental Funds: | | | | | | | | |
| FDIC-Office of inspector general: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 BA | 28 | 34 | 34 | 35 | 36 | 37 | 38 |
| Outlays | O | 28 | 34 | 34 | 35 | 36 | 37 | 38 |
| Total Federal funds Bank Insurance | BA | -1 | 1 | -96 | -104 | -116 | -126 | -139 |
| | O | -5,026 | -1,047 | -1,246 | -864 | -563 | -284 | 729 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|--|----------------|----------|------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Federal Drug Control Programs | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| High intensity drug trafficking areas program: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 150 | 154 | 192 | 192 | 194 | 199 | 203 |
| Outlays | O | 130 | 152 | 166 | 192 | 193 | 196 | 200 |
| Special forfeiture fund: | | | | | | | | |
| Appropriation, discretionary | 802 BA | 203 | 215 | 259 | 259 | 262 | 269 | 274 |
| Outlays | O | 178 | 129 | 220 | 254 | 261 | 266 | 272 |
| Total Federal funds Federal Drug Control Programs | BA | 353 | 369 | 451 | 451 | 456 | 468 | 477 |
| | O | 308 | 281 | 386 | 446 | 454 | 462 | 472 |
| Federal Election Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 37 | 38 | 40 | 40 | 40 | 41 | 42 |
| Outlays | O | 33 | 38 | 40 | 44 | 44 | 45 | 46 |
| Federal Financial Institutions Examination Council Appraisal Subcommittee | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Registry fees: | | | | | | | | |
| Appropriation, mandatory | 376 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 1 | 3 | 2 | 2 | 2 | 2 | 2 |
| Federal Housing Finance Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| Public Enterprise Funds: | | | | | | | | |
| Federal housing finance board: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 371 BA | 18 | 21 | 21 | 21 | 22 | 23 | 24 |
| Outlays | O | 18 | 21 | 22 | 21 | 22 | 23 | 24 |
| Federal housing finance board (gross) | BA | 18 | 21 | 21 | 21 | 22 | 23 | 24 |
| | O | 18 | 21 | 22 | 21 | 22 | 23 | 24 |
| Total, offsetting collections | | -18 | -21 | -21 | -21 | -22 | -23 | -24 |
| Total Federal housing finance board (net) | BA | | | | | | | |
| | O | | 1 | | | | | |
| Federal Labor Relations Authority | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 805 BA | 23 | 24 | 25 | 25 | 25 | 26 | 26 |
| Outlays | O | 23 | 22 | 25 | 25 | 25 | 26 | 26 |
| Federal Maritime Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 403 BA | 14 | 15 | 16 | 16 | 16 | 17 | 17 |
| Outlays | O | 15 | 14 | 16 | 16 | 16 | 17 | 17 |
| Federal Mediation and Conciliation Service | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 505 BA | 35 | 37 | 39 | 39 | 39 | 40 | 41 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 35 | 35 | 40 | 40 | 42 | 43 | 44 |
| Salaries and expenses (gross) | BA | 37 | 39 | 41 | 41 | 41 | 42 | 43 |
| | O | 35 | 35 | 40 | 40 | 42 | 43 | 44 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Salaries and expenses (net) | BA | 35 | 37 | 39 | 39 | 39 | 40 | 41 |
| | O | 33 | 33 | 38 | 38 | 40 | 41 | 42 |

Federal Mine Safety and Health Review Commission

Federal funds

General and Special Funds:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 554 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 6 | 6 | 6 | 6 | 6 | 6 | 6 |

Federal Retirement Thrift Investment Board

Federal funds

General and Special Funds:

| | | | | | | | | |
|--------------------------------|--------|----|-----|----|----|----|----|----|
| Program expenses: | | | | | | | | |
| Appropriation, mandatory | 602 BA | 75 | 101 | 80 | 82 | 84 | 85 | 87 |
| Outlays | O | 59 | 117 | 80 | 82 | 84 | 85 | 87 |

Summary

| | | | | | | | | |
|--|----------|-----|------|-----|-----|-----|-----|-----|
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 75 | 101 | 80 | 82 | 84 | 85 | 87 |
| | O | 59 | 117 | 80 | 82 | 84 | 85 | 87 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 602 BA/O | -75 | -101 | -80 | -82 | -84 | -85 | -87 |
| Total Federal Retirement Thrift Investment Board | BA | | | | | | | |
| | O | -16 | 16 | | | | | |

Federal Trade Commission

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|--------|-----|------|------|------|------|------|------|
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 376 BA | 13 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 107 | 126 | 166 | 166 | 168 | 172 | 176 |
| Outlays | O | 113 | 126 | 163 | 166 | 168 | 171 | 176 |
| Salaries and expenses (gross) | BA | 120 | 126 | 166 | 166 | 168 | 172 | 176 |
| | O | 113 | 126 | 163 | 166 | 168 | 171 | 176 |
| Total, offsetting collections | | -98 | -112 | -166 | -166 | -168 | -172 | -176 |
| Total Salaries and expenses (net) | BA | 22 | 14 | | | | | |
| | O | 15 | 14 | -3 | | | -1 | |

Harry S. Truman Scholarship Foundation

Trust funds

| | | | | | | | | |
|--|--------|---|---|---|---|---|---|---|
| Harry S. Truman memorial scholarship trust fund: | | | | | | | | |
| Appropriation, mandatory | 502 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 5 | 3 | 3 | 3 | 3 | 3 | 3 |

Institute of American Indian and Alaska Native Culture and Arts Development

Federal funds

General and Special Funds:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Payment to the institute: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 4 | 2 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 4 | 2 | 4 | 4 | 4 | 4 | 4 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------|------|------|------|------|-----|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Intelligence Community Management Account | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Intelligence community management account: | | | | | | | | |
| Appropriation, discretionary | 054 BA | 102 | 130 | 111 | 111 | 112 | 115 | 118 |
| Outlays | O | 103 | 108 | 108 | 110 | 113 | 114 | 116 |
| International Trade Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 44 | 44 | 49 | 49 | 50 | 51 | 52 |
| Outlays | O | 44 | 44 | 49 | 49 | 50 | 51 | 52 |
| James Madison Memorial Fellowship Foundation | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| James Madison Memorial Fellowship Trust Fund: | | | | | | | | |
| Appropriation, mandatory | 502 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Japan-United States Friendship Commission | | | | | | | | |
| <i>Trust funds</i> | | | | | | | | |
| Japan-United States friendship trust fund: | | | | | | | | |
| Appropriation, mandatory | 154 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 4 | 3 | 3 | 3 | 3 | 3 |
| Legal Services Corporation | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to the Legal Services Corporation: | | | | | | | | |
| Appropriation, discretionary | 752 BA | 300 | 304 | 340 | 340 | 344 | 353 | 360 |
| Outlays | O | 298 | 303 | 337 | 340 | 344 | 352 | 360 |
| Marine Mammal Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 302 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Merit Systems Protection Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 805 BA | 26 | 27 | 29 | 29 | 29 | 30 | 31 |
| Spending authority from offsetting collections, discretionary | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 27 | 29 | 31 | 31 | 31 | 32 | 32 |
| Salaries and expenses (gross) | BA | 28 | 29 | 31 | 31 | 31 | 32 | 33 |
| | O | 27 | 29 | 31 | 31 | 31 | 32 | 32 |
| Total, offsetting collections | | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
| Total Salaries and expenses (net) | BA | 26 | 27 | 29 | 29 | 29 | 30 | 31 |
| | O | 25 | 27 | 29 | 29 | 29 | 30 | 30 |
| Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Federal payment to the Morris K Udall scholarship and excellence in national government: | | | | | | | | |
| Appropriation, discretionary | 502 BA | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| | | | -1 | -1 | -1 | -1 | -1 | -1 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | ..... | 2 | 3 J-1 | 3 J-1 | 3 J-1 | 3 J-1 | 3 J-1 |
| Total Federal payment to the Morris K Udall scholarship and excellence in national government | BA O | ..... ..... | 2 2 | 2 2 | 2 2 | 2 2 | 2 2 | 2 2 |
| Environmental dispute resolution fund: | | | | | | | | |
| Appropriation, discretionary | 306 BA | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Appropriation, mandatory | BA | ..... | ..... | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Environmental dispute resolution fund | BA O | 4 3 | 1 2 | 2 2 | 2 2 | 2 2 | 2 2 | 2 2 |
| Native Nations Institute: | | | | | | | | |
| Appropriation, discretionary | 502 BA | ..... | ..... | J2 | J2 | J2 | J2 | J2 |
| Outlays | O | ..... | ..... | J1 | J2 | J2 | J3 | J3 |
| | <i>Trust funds</i> | | | | | | | |
| Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation: | | | | | | | | |
| Appropriation, mandatory | 502 BA | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Outlays | O | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA O | 4 3 | 3 4 | 6 5 | 6 6 | 6 6 | 6 7 | 6 7 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 306 BA/O 502 BA/O | ..... ..... | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Federal funds | BA O | 4 3 | 2 3 | 5 4 | 5 5 | 5 5 | 5 6 | 4 5 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA O | 1 1 | 1 1 | 2 2 | 2 2 | 2 2 | 2 2 | 2 2 |
| Interfund transactions | 502 BA/O | ..... | -2 | -3 J1 | -3 J1 | -3 J1 | -3 J1 | -3 J1 |
| Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation | BA O | 5 4 | 1 2 | 5 4 | 5 5 | 5 5 | 5 6 | 4 5 |

National Archives and Records Administration

Federal funds

General and Special Funds:

| | | | | | | | | |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Operating expenses: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 226 | 174 | 203 | 203 | 205 | 211 | 215 |
| Spending authority from offsetting collections, discretionary | BA | 36 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 249 | 176 | 203 | 206 | 208 | 213 | 218 |
| Operating expenses (gross) | BA O | 262 249 | 177 176 | 206 203 | 206 206 | 208 208 | 214 213 | 218 218 |
| Total, offsetting collections | | -36 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Operating expenses (net) | BA O | 226 213 | 174 173 | 203 200 | 203 203 | 205 205 | 211 210 | 215 215 |
| Repairs and restoration: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 11 | 22 | 93 | 93 | 94 | 96 | 99 |
| Outlays | O | 6 | 11 | 65 | 70 | 86 | 95 | 96 |
| National historical publications and records commission: | | | | | | | | |
| Appropriation, discretionary | 804 BA | 10 | 4 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Intragovernmental Funds: | | | | | | | | |
| Records center revolving fund: | | | | | | | | |
| Appropriation, discretionary | 804 BA | ..... | 22 | ..... | ..... | ..... | ..... | ..... |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|--|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Spending authority from offsetting collections, discretionary | BA | | 94 | 98 | 98 | 99 | 102 | 104 |
| Outlays | O | | 93 | 97 | 92 | 99 | 102 | 104 |
| Records center revolving fund (gross) | BA | | 116 | 98 | 98 | 99 | 102 | 104 |
| | O | | 93 | 97 | 92 | 99 | 102 | 104 |
| Total, offsetting collections | | | -94 | -98 | -98 | -99 | -102 | -104 |
| Total Records center revolving fund (net) | BA | | 22 | | | | | |
| | O | | -1 | -1 | -6 | | | |
| <i>Trust funds</i> | | | | | | | | |
| National archives gift fund: | | | | | | | | |
| Appropriation, mandatory | 804 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | | | |
| National archives trust fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 804 BA | 15 | 14 | 14 | 17 | 18 | 18 | 19 |
| Outlays | O | 15 | 13 | 15 | 18 | | | |
| National archives trust fund (gross) | BA | 15 | 14 | 14 | 17 | 18 | 18 | 19 |
| | O | 15 | 13 | 15 | 18 | | | |
| Total, offsetting collections | | | -15 | -14 | -14 | -17 | -18 | -19 |
| Total National archives trust fund (net) | BA | | | | | | | |
| | O | | -1 | 1 | 1 | -18 | -18 | -19 |
| Total Federal funds National Archives and Records Administration | BA | 247 | 222 | 302 | 302 | 305 | 313 | 320 |
| | O | 224 | 189 | 270 | 273 | 297 | 311 | 317 |
| Total Trust funds National Archives and Records Administration | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| | O | 1 | | 2 | 2 | -18 | -18 | -19 |

National Capital Planning Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|---|----|----|----|----|----|----|
| Appropriation, discretionary | 451 BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Spending authority from offsetting collections, discretionary | BA | 2 | | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 8 | 6 | 6 | 6 | 6 | 6 | 6 |
| Salaries and expenses (gross) | BA | 8 | 6 | 7 | 7 | 7 | 7 | 7 |
| | O | 8 | 6 | 6 | 6 | 6 | 6 | 6 |
| Total, offsetting collections | | | -2 | -1 | -1 | -1 | -1 | -1 |
| Total Salaries and expenses (net) | BA | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| | O | 6 | 6 | 5 | 5 | 5 | 5 | 5 |

National Commission on Libraries and Information Science

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 503 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

National Council on Disability

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 506 BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 3 | 3 | 3 | 3 | 3 | 3 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | | |
|--|----------------|----------|------|------|------|------|------|------|------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | | |
| National Credit Union Administration | | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | | |
| Public Enterprise Funds: | | | | | | | | | |
| Operating fund: | | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 | BA | 106 | 132 | 140 | 152 | 165 | 180 | 196 |
| Outlays | | O | 104 | 132 | 140 | 152 | 165 | 180 | 196 |
| Operating fund (gross) | | BA | 106 | 132 | 140 | 152 | 165 | 180 | 196 |
| | | O | 104 | 132 | 140 | 152 | 165 | 180 | 196 |
| Total, offsetting collections | | | -106 | -132 | -140 | -152 | -165 | -180 | -196 |
| Total Operating fund (net) | | BA | | | | | | | |
| | | O | -2 | | | | | | |
| Credit union share insurance fund: | | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 373 | BA | 527 | 492 | 516 | 505 | 526 | 556 | 603 |
| Outlays | | O | 268 | 163 | 177 | 99 | 103 | 108 | 117 |
| Credit union share insurance fund (gross) | | BA | 527 | 492 | 516 | 505 | 526 | 556 | 603 |
| | | O | 268 | 163 | 177 | 99 | 103 | 108 | 117 |
| Total, offsetting collections | | | -527 | -492 | -516 | -505 | -526 | -556 | -603 |
| Total Credit union share insurance fund (net) | | BA | | | | | | | |
| | | O | -259 | -329 | -339 | -406 | -423 | -448 | -486 |
| Central liquidity facility: | | | | | | | | | |
| Appropriation, discretionary | 373 | BA | 2 | 1 | | | | | |
| Spending authority from offsetting collections, discretionary | | BA | 153 | 160 | 168 | 168 | 170 | 174 | 178 |
| Outlays | | O | 155 | 161 | 168 | 168 | 170 | 174 | 178 |
| Central liquidity facility (gross) | | BA | 155 | 161 | 168 | 168 | 170 | 174 | 178 |
| | | O | 155 | 161 | 168 | 168 | 170 | 174 | 178 |
| Total, offsetting collections | | | -153 | -160 | -168 | -168 | -170 | -174 | -178 |
| Total Central liquidity facility (net) | | BA | 2 | 1 | | | | | |
| | | O | 2 | 1 | | | | | |
| Community development credit union revolving loan fund: | | | | | | | | | |
| Appropriation, discretionary | 373 | BA | | | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, discretionary | | BA | 2 | 1 | | | | | |
| Spending authority from offsetting collections, mandatory | | BA | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | | O | 2 | 6 | 5 | 4 | 4 | 4 | 4 |
| Community development credit union revolving loan fund (gross) | | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | | O | 2 | 6 | 5 | 4 | 4 | 4 | 4 |
| Total, offsetting collections | | | -4 | -4 | -3 | -3 | -3 | -3 | -3 |
| Total Community development credit union revolving loan fund (net) | | BA | | | 1 | 1 | 1 | 1 | 1 |
| | | O | -2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Total Federal funds National Credit Union Administration | | BA | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| | | O | -261 | -326 | -337 | -405 | -422 | -447 | -485 |

National Education Goals Panel

Federal funds

General and Special Funds:

| | | | | | | | | | |
|--|-----|----|---|---|---|---|---|---|---|
| National education goals panel: | | | | | | | | | |
| Appropriation, discretionary | 503 | BA | 2 | 2 | | | | | |
| Outlays | | O | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | | | | | 1 | 1 | 2 | 2 | 3 |
| Total National education goals panel | | BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| | | O | 2 | 2 | 2 | 1 | 2 | 2 | 3 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| National Endowment for the Arts | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| National endowment for the arts: Grants and administration: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 98 | 98 | 150 | 150 | 152 | 156 | 159 |
| Appropriation, mandatory | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spending authority from offsetting collections, discretionary | BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays | O | 104 | 113 | 124 | 147 | 150 | 154 | 158 |
| <hr/> | | | | | | | | |
| National endowment for the arts (gross) | BA | 100 | 100 | 152 | 152 | 154 | 158 | 161 |
| | O | 104 | 113 | 124 | 147 | 150 | 154 | 158 |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| <hr/> | | | | | | | | |
| Total National endowment for the arts (net) | BA | 99 | 99 | 151 | 151 | 153 | 157 | 160 |
| | O | 103 | 112 | 123 | 146 | 149 | 153 | 157 |

National Endowment for the Humanities
Federal funds

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| General and Special Funds: | | | | | | | | |
| National endowment for the humanities: Grants and administration: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 112 | 116 | 150 | 150 | 152 | 156 | 159 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | | | | | |
| Outlays | O | 113 | 104 | 123 | 147 | 151 | 154 | 157 |
| <hr/> | | | | | | | | |
| National endowment for the humanities (gross) | BA | 112 | 117 | 150 | 150 | 152 | 156 | 159 |
| | O | 113 | 104 | 123 | 147 | 151 | 154 | 157 |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | | -1 | | | | | |
| <hr/> | | | | | | | | |
| Total National endowment for the humanities (net) | BA | 112 | 116 | 150 | 150 | 152 | 156 | 159 |
| | O | 113 | 103 | 123 | 147 | 151 | 154 | 157 |

Institute of Museum and Library Services
Federal funds

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| General and Special Funds: | | | | | | | | |
| Office of Museum Services: Grants and administration: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 24 | 24 | 33 | 33 | 33 | 34 | 35 |
| Spending authority from offsetting collections, discretionary | BA | | 1 | | | | | |
| Outlays | O | 22 | 24 | 26 | 33 | 33 | 34 | 35 |
| <hr/> | | | | | | | | |
| Office of Museum Services (gross) | BA | 24 | 25 | 33 | 33 | 33 | 34 | 35 |
| | O | 22 | 24 | 26 | 33 | 33 | 34 | 35 |
| <hr/> | | | | | | | | |
| Total, offsetting collections | | | -1 | | | | | |
| <hr/> | | | | | | | | |
| Total Office of Museum Services (net) | BA | 24 | 24 | 33 | 33 | 33 | 34 | 35 |
| | O | 22 | 23 | 26 | 33 | 33 | 34 | 35 |
| <hr/> | | | | | | | | |
| Office of Library Services: Grants and administration: | | | | | | | | |
| Appropriation, discretionary | 503 BA | 166 | 165 | 173 | 173 | 175 | 179 | 183 |
| Outlays | O | 142 | 172 | 172 | 173 | 174 | 176 | 181 |
| <hr/> | | | | | | | | |
| Total Federal funds Institute of Museum and Library Services | BA | 190 | 189 | 206 | 206 | 208 | 213 | 218 |
| | O | 164 | 195 | 198 | 206 | 207 | 210 | 216 |

National Labor Relations Board
Federal funds

| | | | | | | | | |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 505 BA | 184 | 206 | 216 | 216 | 219 | 224 | 229 |
| Outlays | O | 182 | 198 | 222 | 216 | 218 | 223 | 229 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|------------|-------|-------|-------|-------|-------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| National Mediation Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 505 BA | 8 | 10 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 9 | 10 | 11 | 11 | 11 | 11 | 11 |
| National Transportation Safety Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 55 | 57 ^ 18 | 63 | 63 | 64 | 65 | 67 |
| Spending authority from offsetting collections, discretionary | BA | | | J -10 | J -10 | J -10 | J -10 | J -11 |
| Outlays | O | 60 | 75 ^ 16 | 63 | 63 | 63 | 65 | 67 |
| Salaries and expenses (gross) | BA | 55 | 75 | 63 | 63 | 64 | 65 | 67 |
| | O | 60 | 91 | 65 | 63 | 63 | 65 | 67 |
| Total, offsetting collections | | | | J -10 | J -10 | J -10 | J -10 | J -11 |
| Total Salaries and expenses (net) | BA | 55 | 75 | 53 | 53 | 54 | 55 | 56 |
| | O | 60 | 91 | 55 | 53 | 53 | 55 | 56 |
| Emergency fund: | | | | | | | | |
| Appropriation, discretionary | 407 BA | 1 | | | | | | |
| Total Federal funds National Transportation Safety Board | BA | 56 | 75 | 53 | 53 | 54 | 55 | 56 |
| | O | 60 | 91 | 55 | 53 | 53 | 55 | 56 |
| Neighborhood Reinvestment Corporation | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Payment to the Neighborhood Reinvestment Corporation: | | | | | | | | |
| Appropriation, discretionary | 451 BA | 90 | 75 | 90 | 90 | 91 | 93 | 95 |
| Outlays | O | 90 | 75 | 90 | 90 | 91 | 93 | 95 |
| Nuclear Regulatory Commission | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Salaries and expenses: | | | | | | | | |
| Appropriation, discretionary | 276 BA | 463 | 464 | 482 | 482 | 488 | 500 | 511 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 478 | 468 | 482 | 487 | 491 | 501 | 512 |
| Salaries and expenses (gross) | BA | 467 | 468 | 486 | 486 | 492 | 504 | 515 |
| | O | 478 | 468 | 482 | 487 | 491 | 501 | 512 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Salaries and expenses (net) | BA | 463 | 464 | 482 | 482 | 488 | 500 | 511 |
| | O | 474 | 464 | 478 | 483 | 487 | 497 | 508 |
| Office of Inspector General: | | | | | | | | |
| Appropriation, discretionary | 276 BA | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Outlays | O | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 468 | 470 | 488 | 488 | 494 | 506 | 517 |
| | O | 479 | 469 | 484 | 489 | 493 | 503 | 514 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----------|----------------|----------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Deductions for offsetting receipts: | | | | | | | | |
| Offsetting governmental receipts | 276 BA/O | -442 | -447 | -454 | -454 | -459 | -471 | -481 |
| <hr/> | | | | | | | | |
| Total Nuclear Regulatory Commission | BA | 26 | 23 | 34 | 34 | 35 | 35 | 36 |
| | O | 37 | 22 | 30 | 35 | 34 | 32 | 33 |

Nuclear Waste Technical Review Board

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 271 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays | O | 2 | 3 | 3 | 3 | 3 | 3 | 3 |

Occupational Safety and Health Review Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|----|---|---|---|----|
| Appropriation, discretionary | 554 BA | 8 | 8 | 9 | 9 | 9 | 9 | 10 |
| Outlays | O | 8 | 8 | 10 | 9 | 9 | 9 | 9 |

Office of Government Ethics

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|---|----|----|----|----|----|
| Appropriation, discretionary | 805 BA | 8 | 9 | 10 | 10 | 10 | 10 | 11 |
| Outlays | O | 8 | 9 | 10 | 10 | 10 | 10 | 10 |

Office of Navajo and Hopi Indian Relocation

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 808 BA | 13 | 8 | 15 | 15 | 15 | 16 | 16 |
| Outlays | O | 21 | 14 | 19 | 15 | 15 | 16 | 16 |

Office of Special Counsel

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|------------------------------------|--------|---|----|----|----|----|----|----|
| Appropriation, discretionary | 805 BA | 9 | 10 | 11 | 11 | 11 | 11 | 12 |
| Outlays | O | 9 | 10 | 11 | 11 | 11 | 11 | 11 |

Oklahoma City National Memorial Trust

Federal funds

Public Enterprise Funds:

Oklahoma City National Memorial Trust:

| | | | | | | | | |
|---------------|-------|---|---|--|--|--|--|--|
| Outlays | 303 O | 2 | 3 | | | | | |
|---------------|-------|---|---|--|--|--|--|--|

Other Commissions and Boards

Federal funds

General and Special Funds:

Other commissions and boards:

| | | | | | | | | |
|------------------------------------|--------|---|---|---|--|--|--|--|
| Appropriation, discretionary | 808 BA | 1 | 3 | | | | | |
| Outlays | O | 1 | 3 | 2 | | | | |

Panama Canal Commission

Federal funds

Public Enterprise Funds:

Panama Canal revolving fund:

| | | | | | | | | |
|---|--------|-----|-----|--|--|--|--|--|
| Spending authority from offsetting collections, discretionary | 403 BA | 756 | 176 | | | | | |
|---|--------|-----|-----|--|--|--|--|--|

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|------------|------|------|------|------|------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 683 | 524 | 26 | | | | |
| Panama Canal revolving fund (gross) | BA | 756 | 176 | | | | | |
| | O | 683 | 524 | 26 | | | | |
| Total, offsetting collections | | -756 | -176 | | | | | |
| Total Panama Canal revolving fund (net) | BA | | | | | | | |
| | O | -73 | 348 | 26 | | | | |
| Panama Canal Commission Dissolution Fund: | | | | | | | | |
| Spending authority from offsetting collections, mandatory | 403 BA | 7 | | | | | | |
| Outlays | O | | 5 | 2 | | | | |
| Panama Canal Commission Dissolution Fund (gross) | BA | 7 | | | | | | |
| | O | | 5 | 2 | | | | |
| Total, offsetting collections | | -1 | | | | | | |
| Total Panama Canal Commission Dissolution Fund (net) | BA | 6 | | | | | | |
| | O | -1 | 5 | 2 | | | | |
| Total Federal funds Panama Canal Commission | BA | 6 | | | | | | |
| | O | -74 | 353 | 28 | | | | |

Postal Service—Payments to the Postal Service

Federal funds

General and Special Funds:

Payment to the Postal Service fund:

| | | | | | | | | |
|--|--------|-----------|------------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 372 BA | 29 | 29 | 29 | 29 | 29 | 30 | 31 |
| Advance appropriation, discretionary | BA | | 71 | 64 | 67 | | | |
| Outlays | O | 29 | 100 | 93 | 96 | 29 | 30 | 31 |
| Total Payment to the Postal Service fund | BA | 29 | 100 | 93 | 96 | 29 | 30 | 31 |
| | O | 29 | 100 | 93 | 96 | 29 | 30 | 31 |

Postal Service

Federal funds

Public Enterprise Funds:

Postal Service fund:

| | | | | | | | | |
|---|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Authority to borrow, mandatory | 372 BA | 5,607 | 5,516 | 1,575 | 1,477 | 325 | -786 | -256 |
| Spending authority from offsetting collections, mandatory | BA | 62,943 | 65,010 | 68,485 | 71,100 | 73,900 | 75,300 | 76,900 |
| Outlays | O | 63,964 | 66,508 | 68,932 | 72,370 | 74,098 | 75,442 | 76,630 |
| Postal Service fund (gross) | BA | 68,550 | 70,526 | 70,060 | 72,577 | 74,225 | 74,514 | 76,644 |
| | O | 63,964 | 66,508 | 68,932 | 72,370 | 74,098 | 75,442 | 76,630 |
| Total, offsetting collections | | -62,943 | -65,010 | -68,485 | -71,100 | -73,900 | -75,300 | -76,900 |
| Total Postal Service fund (net) | BA | 5,607 | 5,516 | 1,575 | 1,477 | 325 | -786 | -256 |
| | O | 1,021 | 1,498 | 447 | 1,270 | 198 | 142 | -270 |

Presidio Trust

Federal funds

Intragovernmental Funds:

Presidio Trust:

| | | | | | | | | |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 303 BA | 14 | 24 | 23 | 23 | 23 | 24 | 24 |
| Authority to borrow, discretionary | BA | 20 | 20 | 10 | 10 | 10 | 10 | 11 |
| Spending authority from offsetting collections, discretionary | BA | 41 | 38 | 40 | 40 | 40 | 42 | 42 |
| Outlays | O | 35 | 49 | 66 | 84 | 75 | 74 | 75 |
| Limitation on Loan Guarantee Commitments | | | | (200) | (200) | (202) | (207) | (212) |
| Presidio Trust (gross) | BA | 75 | 82 | 73 | 73 | 73 | 76 | 77 |
| | O | 35 | 49 | 66 | 84 | 75 | 74 | 75 |
| Change in receivables and unpaid, unfilled orders | BA | -1 | -1 | -1 | | | | |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Total, offsetting collections | | -40 | -37 | -39 | -39 | -39 | -40 | -41 |
| Total Presidio Trust (net) | BA | 34 | 44 | 33 | 34 | 34 | 36 | 36 |
| | O | -5 | 12 | 27 | 45 | 36 | 34 | 34 |
| Railroad Retirement Board | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Federal windfall subsidy: | | | | | | | | |
| Appropriation, discretionary | 601 BA | 189 | 173 | 160 | 160 | 162 | 166 | 170 |
| Outlays | O | 188 | 173 | 160 | 160 | 162 | 166 | 170 |
| Federal payments to the railroad retirement accounts: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 493 | 370 | 326 | 331 | 337 | 346 | 356 |
| Outlays | O | 493 | 370 | 326 | 331 | 337 | 346 | 356 |
| <i>Trust funds</i> | | | | | | | | |
| Railroad unemployment insurance trust fund: | | | | | | | | |
| Appropriation, mandatory | 603 BA | 95 | 101 | 107 | 111 | 114 | 116 | 117 |
| Outlays | O | 68 | 101 | 107 | 111 | 114 | 116 | 117 |
| Rail Industry Pension Fund: | | | | | | | | |
| Appropriation, discretionary | 601 BA | 96 | 96 | 98 | 98 | 99 | 101 | 104 |
| Appropriation, mandatory | BA | 2,920 | 2,991 | 3,047 | 3,102 | 3,165 | 3,254 | 3,350 |
| Spending authority from offsetting collections, discretionary | BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays | O | 3,000 | 3,085 | 3,149 | 3,201 | 3,264 | 3,354 | 3,451 |
| Rail Industry Pension Fund (gross) | BA | 3,020 | 3,091 | 3,149 | 3,204 | 3,268 | 3,359 | 3,458 |
| | O | 3,000 | 3,085 | 3,149 | 3,201 | 3,264 | 3,354 | 3,451 |
| Total, offsetting collections | | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Rail Industry Pension Fund (net) | BA | 3,016 | 3,087 | 3,145 | 3,200 | 3,264 | 3,355 | 3,454 |
| | O | 2,996 | 3,081 | 3,145 | 3,197 | 3,260 | 3,350 | 3,447 |
| Supplemental Annuity Pension Fund: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 76 | 72 | 69 | 66 | 64 | 62 | 60 |
| Outlays | O | 75 | 72 | 69 | 66 | 64 | 62 | 60 |
| Railroad social security equivalent benefit account: | | | | | | | | |
| Appropriation, mandatory | 601 BA | 2,314 | 2,251 | 2,282 | 2,312 | 2,344 | 2,374 | 2,401 |
| Authority to borrow, mandatory | BA | 2,992 | 3,074 | 3,094 | 3,106 | 3,124 | 3,145 | 3,162 |
| Outlays | O | 5,318 | 5,310 | 5,370 | 5,413 | 5,461 | 5,511 | 5,558 |
| Total Railroad social security equivalent benefit account | BA | 5,306 | 5,325 | 5,376 | 5,418 | 5,468 | 5,519 | 5,563 |
| | O | 5,318 | 5,310 | 5,370 | 5,413 | 5,461 | 5,511 | 5,558 |
| Summary | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 682 | 543 | 486 | 491 | 499 | 512 | 526 |
| | O | 681 | 543 | 486 | 491 | 499 | 512 | 526 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 8,493 | 8,585 | 8,697 | 8,795 | 8,910 | 9,052 | 9,194 |
| | O | 8,457 | 8,564 | 8,691 | 8,787 | 8,899 | 9,039 | 9,182 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 601 BA/O | -3,816 | -3,760 | -3,637 | -3,749 | -3,763 | -3,786 | -3,810 |
| Total Trust funds | BA | 4,677 | 4,825 | 5,060 | 5,046 | 5,147 | 5,266 | 5,384 |
| | O | 4,641 | 4,804 | 5,054 | 5,038 | 5,136 | 5,253 | 5,372 |
| Interfund transactions | 601 BA/O | -492 | -370 | -326 | -331 | -337 | -346 | -356 |
| Total Railroad Retirement Board | BA | 4,867 | 4,998 | 5,220 | 5,206 | 5,309 | 5,432 | 5,554 |
| | O | 4,830 | 4,977 | 5,214 | 5,198 | 5,298 | 5,419 | 5,542 |

Securities and Exchange Commission

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 376 BA | 31 | | | | | | |
| Spending authority from offsetting collections, discretionary | BA | 322 | 383 | 424 | 424 | 429 | 440 | 449 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|----|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Outlays | O | 339 | 371 | 415 | 424 | 428 | 438 | 447 |
| Salaries and expenses (gross) | BA | 353 | 383 | 424 | 424 | 429 | 440 | 449 |
| | O | 339 | 371 | 415 | 424 | 428 | 438 | 447 |
| Total, offsetting collections | | -592 | -635 | -651 | -651 | -659 | -675 | -690 |
| Total Salaries and expenses (net) | BA | -239 | -252 | -227 | -227 | -230 | -235 | -241 |
| | O | -253 | -264 | -236 | -227 | -231 | -237 | -243 |

Smithsonian Institution

Federal funds

General and Special Funds:

Salaries and expenses:

| | | | | | | | | | |
|------------------------------------|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 503 | BA | 352 | 371 | 397 | 397 | 402 | 412 | 421 |
| Outlays | | O | 329 | 371 | 392 | 397 | 402 | 411 | 420 |

Museum programs and related research (special foreign currency program):

| | | | | | | | | | |
|---------------|-----|---|---|--|--|--|--|--|--|
| Outlays | 503 | O | 1 | | | | | | |
|---------------|-----|---|---|--|--|--|--|--|--|

Repair, restoration and alteration of facilities:

| | | | | | | | | | |
|--|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 44 | 48 | 62 | 45 | 45 | 64 | 66 |
| Advance appropriation, discretionary | | BA | | | | 17 | 18 | | |
| Outlays | | O | 44 | 62 | 35 | 39 | 56 | 62 | 63 |
| Total Repair, restoration and alteration of facilities | | BA | 44 | 48 | 62 | 62 | 63 | 64 | 66 |
| | | O | 44 | 62 | 35 | 39 | 56 | 62 | 63 |

Construction:

| | | | | | | | | | |
|--|-----|----|-----------|-----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary | 503 | BA | 16 | 19 | 4 | 2 | 4 | 4 | 4 |
| Advance appropriation, discretionary | | BA | | | | 2 | | | |
| Outlays | | O | 17 | 10 | 16 | 4 | 4 | 4 | 4 |
| Total Construction | | BA | 16 | 19 | 4 | 4 | 4 | 4 | 4 |
| | | O | 17 | 10 | 16 | 4 | 4 | 4 | 4 |

Operations and maintenance, JFK center for the performing arts:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 12 | 14 | 14 | 14 | 14 | 15 | 15 |
| Outlays | | O | 11 | 13 | 14 | 14 | 14 | 15 | 15 |

Construction, JFK center for the performing arts:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 20 | 20 | 20 | 20 | 20 | 21 | 21 |
| Outlays | | O | 12 | 22 | 18 | 19 | 18 | 17 | 17 |

Salaries and expenses, National Gallery of Art:

| | | | | | | | | | |
|------------------------------------|-----|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 58 | 61 | 65 | 65 | 66 | 67 | 69 |
| Outlays | | O | 58 | 60 | 64 | 65 | 66 | 68 | 69 |

Repair, restoration, and renovation of buildings, National Gallery of Art:

| | | | | | | | | | |
|------------------------------------|-----|----|----------|----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary | 503 | BA | 6 | 6 | 14 | 14 | 14 | 15 | 15 |
| Outlays | | O | 7 | 8 | 6 | 12 | 14 | 14 | 14 |

Salaries and expenses, Woodrow Wilson International Center for Scholars:

| | | | | | | | | | |
|------------------------------------|-----|----|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary | 503 | BA | 6 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | | O | 6 | 7 | 7 | 7 | 7 | 7 | 7 |

| | | | | | | | | | |
|---|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Federal funds Smithsonian Institution | | BA | 514 | 546 | 583 | 583 | 590 | 605 | 618 |
| | | O | 485 | 553 | 552 | 557 | 581 | 598 | 609 |

State Justice Institute

Federal funds

General and Special Funds:

State Justice Institute: Salaries and expenses:

| | | | | | | | | | |
|------------------------------------|-----|----|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary | 752 | BA | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outlays | | O | 8 | 14 | 8 | 7 | 7 | 7 | 7 |

Tennessee Valley Authority

Federal funds

Public Enterprise Funds:

Tennessee Valley Authority fund

| | | | | | | | | | |
|---|-----|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (Energy supply): | | | | | | | | | |
| (Spending authority from offsetting collections, mandatory) | 271 | BA | 6,529 | 6,310 | 5,987 | 6,057 | 6,326 | 6,358 | 6,418 |

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | |
|---|--------|----------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| (Outlays) | O | 6,846 | 6,310 | 5,987 | 6,057 | 6,326 | 6,358 | 6,418 |
| Tennessee Valley Authority fund (gross) | BA | 6,529 | 6,310 | 5,987 | 6,057 | 6,326 | 6,358 | 6,418 |
| | O | 6,846 | 6,310 | 5,987 | 6,057 | 6,326 | 6,358 | 6,418 |
| Total, offsetting collections | | -6,895 | -6,669 | -6,800 | -6,908 | -7,160 | -7,501 | -7,647 |
| Total (Energy supply) (net) | BA | -366 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| | O | -49 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| (Area and regional development): | | | | | | | | |
| (Appropriation, discretionary) | 452 BA | 50 | | | | | | |
| (Spending authority from offsetting collections, discretionary) | BA | 9 | 3 | 3 | 3 | 3 | 3 | 3 |
| (Outlays) | O | 60 | 56 | 3 | 3 | 3 | 3 | 3 |
| Tennessee Valley Authority fund (gross) | BA | -307 | -356 | -810 | -848 | -831 | -1,140 | -1,226 |
| | O | 11 | -303 | -810 | -848 | -831 | -1,140 | -1,226 |
| Total, offsetting collections | | -9 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total (Area and regional development) (net) | BA | 50 | | | | | | |
| | O | 51 | 53 | | | | | |
| Total Tennessee Valley Authority fund | BA | -316 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| | O | 2 | -306 | -813 | -851 | -834 | -1,143 | -1,229 |
| Total Federal funds Tennessee Valley Authority | BA | -316 | -359 | -813 | -851 | -834 | -1,143 | -1,229 |
| | O | 2 | -306 | -813 | -851 | -834 | -1,143 | -1,229 |

United Mine Workers of America Benefit Funds

Federal funds

General and Special Funds:

Federal payment to United Mine Workers of America combined benefit fund:

| | | | | | | | | |
|--------------------------------|--------|--|--|-------------|-------------|-------------|-------------|-------------|
| Appropriation, mandatory | 551 BA | | | J 38 | J 37 | J 36 | J 36 | J 34 |
| Outlays | O | | | J 38 | J 37 | J 36 | J 36 | J 34 |

Trust funds

United mine workers of America combined benefit fund:

| | | | | | | | | |
|--------------------------------|--------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation, mandatory | 551 BA | 202 | 223 | 176 | 159 | 149 | 141 | 133 |
| | | | | B 49 | B 47 | B 46 | B 45 | B 43 |
| Outlays | O | 202 | 223 | 176 | 159 | 149 | 141 | 133 |
| | | | | B 49 | B 47 | B 46 | B 45 | B 43 |

| | | | | | | | | |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total United mine workers of America combined benefit fund | BA | 202 | 223 | 225 | 206 | 195 | 186 | 176 |
| | O | 202 | 223 | 225 | 206 | 195 | 186 | 176 |

United mine workers of America 1992 benefit plan:

| | | | | | | | | |
|--------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, mandatory | 551 BA | 28 | 28 | 29 | 29 | 30 | 30 | 31 |
| Outlays | O | 28 | 28 | 29 | 29 | 30 | 30 | 31 |

Summary

Federal funds:

| | | | | | | | | |
|----------------------------------|----|--|--|-----------|-----------|-----------|-----------|-----------|
| (As shown in detail above) | BA | | | 38 | 37 | 36 | 36 | 34 |
| | O | | | 38 | 37 | 36 | 36 | 34 |

Trust funds:

| | | | | | | | | |
|----------------------------------|----|------------|------------|------------|------------|------------|------------|------------|
| (As shown in detail above) | BA | 230 | 251 | 254 | 235 | 225 | 216 | 207 |
| | O | 230 | 251 | 254 | 235 | 225 | 216 | 207 |

| | | | | | | | | |
|------------------------------|----------|------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Interfund transactions | 551 BA/O | -82 | -109 | -67 | -56 | -52 | -49 | -46 |
| | | | | J -38 | J -37 | J -36 | J -36 | J -34 |

| | | | | | | | | |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total United Mine Workers of America Benefit Funds | BA | 148 | 142 | 187 | 179 | 173 | 167 | 161 |
| | O | 148 | 142 | 187 | 179 | 173 | 167 | 161 |

United States Enrichment Corporation Fund

Federal funds

Public Enterprise Funds:

United States Enrichment Corporation Fund:

| | | | | | | | | |
|------------------------------------|--------|--|-----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary | 271 BA | | -5 | -12 | -12 | -12 | -12 | -13 |
|------------------------------------|--------|--|-----------|------------|------------|------------|------------|------------|

OTHER INDEPENDENT AGENCIES—Continued
(In millions of dollars)

| Account | 1999 actual | estimate | | | | | | |
|---|----------------|----------|--------|--------|--------|--------|--------|--------|
| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | |
| Outlays | O | 5 | | | | | | |
| United States Holocaust Memorial Council | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Holocaust Memorial Council: | | | | | | | | |
| Appropriation, discretionary | 808 BA | 35 | 33 | 35 | 35 | 35 | 36 | 37 |
| Outlays | O | 36 | 33 | 34 | 37 | 36 | 36 | 38 |
| United States Institute of Peace | | | | | | | | |
| <i>Federal funds</i> | | | | | | | | |
| General and Special Funds: | | | | | | | | |
| Operating expenses: | | | | | | | | |
| Appropriation, discretionary | 153 BA | 12 | 13 | 14 | 14 | 14 | 15 | 15 |
| Outlays | O | 12 | 13 | 14 | 14 | 14 | 14 | 14 |
| Summary | | | | | | | | |
| On-Budget | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 12,195 | 13,053 | 11,944 | 12,510 | 13,178 | 13,697 | 14,461 |
| | O | 5,601 | 10,447 | 9,142 | 10,491 | 11,343 | 12,256 | 14,065 |
| Deductions for offsetting receipts: | | | | | | | | |
| Proprietary receipts from the public | 155 BA/O | -13 | -2,251 | -16 | -11 | -7 | -3 | |
| | 306 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| | 376 BA/O | -26 | -26 | -26 | -26 | -26 | -26 | -26 |
| | 502 BA/O | | | | | | | -1 |
| | 602 BA/O | -75 | -101 | -80 | -82 | -84 | -85 | -87 |
| Offsetting governmental receipts | 276 BA/O | -442 | -447 | -454 | -454 | -459 | -471 | -481 |
| Total Federal funds | BA | 11,639 | 10,227 | 11,367 | 11,936 | 12,601 | 13,111 | 13,865 |
| | O | 5,045 | 7,621 | 8,565 | 9,917 | 10,766 | 11,670 | 13,469 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA | 9,026 | 9,337 | 9,549 | 9,645 | 9,756 | 9,894 | 10,034 |
| | O | 8,904 | 9,376 | 9,520 | 9,538 | 9,640 | 9,783 | 9,921 |
| Deductions for offsetting receipts: | | | | | | | | |
| Intrafund transactions | 601 BA/O | -3,816 | -3,760 | -3,637 | -3,749 | -3,763 | -3,786 | -3,810 |
| Proprietary receipts from the public | 452 BA/O | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
| | 601 BA/O | -3,357 | -171 | -156 | -139 | -121 | -102 | -82 |
| | 602 BA/O | -66 | | | | | | |
| Total Trust funds | BA | 1,784 | 5,403 | 5,753 | 5,754 | 5,869 | 6,003 | 6,139 |
| | O | 1,662 | 5,442 | 5,724 | 5,647 | 5,753 | 5,892 | 6,026 |
| Interfund transactions | 452 BA/O | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
| | 502 BA/O | | -2 | -3 | -3 | -3 | -3 | -3 |
| | | | | 1 | 1 | 1 | 1 | 1 |
| | 506 BA/O | -70 | -70 | -80 | -80 | -81 | -83 | -85 |
| | 551 BA/O | -82 | -109 | -67 | -56 | -52 | -49 | -46 |
| | | | | 38 | 37 | 36 | 36 | 34 |
| | 601 BA/O | -492 | -370 | -326 | -331 | -337 | -346 | -356 |
| | 602 BA/O | | -1 | -1 | -1 | -1 | -1 | -1 |
| | 752 BA/O | -6 | -5 | -5 | -5 | -6 | -6 | -6 |
| Total Other Independent Agencies (on-budget) | BA | 12,770 | 15,070 | 16,598 | 17,175 | 17,952 | 18,588 | 19,471 |
| | O | 6,054 | 12,503 | 13,767 | 15,049 | 16,001 | 17,036 | 18,962 |
| Off-Budget | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA | 5,607 | 5,516 | 1,575 | 1,477 | 325 | -786 | -256 |
| | O | 1,021 | 1,498 | 447 | 1,270 | 198 | 142 | -270 |
| Total Other Independent Agencies (off-budget) | BA | 5,607 | 5,516 | 1,575 | 1,477 | 325 | -786 | -256 |
| | O | 1,021 | 1,498 | 447 | 1,270 | 198 | 142 | -270 |
| Total Other Independent Agencies | BA | 18,377 | 20,586 | 18,173 | 18,652 | 18,277 | 17,802 | 19,215 |
| | O | 7,075 | 14,001 | 14,214 | 16,319 | 16,199 | 17,178 | 18,692 |

Totals—Continued
(In millions of dollars)

| Account | | 1999 actual | estimate | | | | | 2005 |
|--|----------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | | 2000 | 2001 | 2002 | 2003 | 2004 | |
| Proprietary receipts from the public | BA/O | -38,267 | -33,708 | -35,439 <i>B</i> 340 | -37,588 <i>B</i> -56 | -40,017 <i>B</i> -7,882 | -42,710 <i>B</i> -10,751 | -45,492 <i>B</i> -13,533 |
| Total deductions | BA/O | -42,083 | -37,469 | -38,737 | -41,394 | -51,663 | -57,248 | -62,836 |
| Trust fund totals | BA O | 338,266 334,876 | 363,622 357,910 | 396,324 388,575 | 407,553 403,420 | 428,705 423,551 | 457,689 452,920 | 486,927 481,047 |
| Interfund transactions (-): | | | | | | | | |
| Interest received by on-budget trust funds | 902 BA/O | -66,561 | -71,291 <i>J</i> -65 | -73,735 <i>J</i> -377 | -76,779 <i>J</i> -1,413 | -79,629 <i>J</i> -2,297 | -82,210 <i>J</i> -2,556 | -84,782 <i>J</i> -2,804 |
| Employer share, employee retirement (on-budget) | 951 BA/O | -28,209 | -29,575 <i>J</i> 34 | -30,259 <i>J</i> -22 | -31,348 <i>J</i> 17 | -32,025 <i>J</i> 24 | -33,127 <i>J</i> 26 | -34,323 <i>J</i> 26 |
| Applied by agency above | BA/O | -109,520 | -113,047 | -138,892 | -137,297 | -138,065 | -151,643 | -162,176 |
| Total interfund transactions | BA/O | -204,290 | -213,978 | -243,229 | -246,859 | -251,999 | -269,512 | -284,059 |
| Budget totals Δ | BA O | 1,450,094 1,382,262 | 1,466,730 1,460,633 | 1,542,715 1,494,777 | 1,575,130 1,545,153 | 1,626,247 1,602,924 | 1,691,970 1,669,089 | 1,757,628 1,740,539 |
| Off-Budget Totals | | | | | | | | |
| Federal funds: | | | | | | | | |
| (As shown in detail above) | BA O | 5,607 1,021 | 5,516 1,498 | 1,575 447 | 1,477 1,270 | 325 198 | -786 142 | -256 -270 |
| Trust funds: | | | | | | | | |
| (As shown in detail above) | BA O | 391,112 390,057 | 408,041 406,639 | 428,177 426,915 | 447,949 446,650 | 470,562 468,924 | 495,244 493,422 | 522,043 520,056 |
| Deductions for offsetting receipts: | | | | | | | | |
| (As shown in detail above): | | | | | | | | |
| Proprietary receipts from the public | BA/O | -21 | -29 | -42 | -42 | -42 | -42 | -42 |
| Trust fund totals | BA O | 391,091 390,036 | 408,012 406,610 | 428,135 426,873 | 447,907 446,608 | 470,520 468,882 | 495,202 493,380 | 522,001 520,014 |
| Interfund transactions (-): | | | | | | | | |
| Interest received by off-budget trust funds | 903 BA/O | -52,070 | -59,656 | -68,138 | -77,622 | -87,895 | -98,812 | -110,493 |
| Employer share, employee retirement (off-budget) | 952 BA/O | -7,385 | -7,860 <i>J</i> 271 | -8,212 <i>J</i> 321 | -8,919 <i>J</i> 285 | -9,493 <i>J</i> 289 | -10,144 <i>J</i> 291 | -10,905 <i>J</i> 291 |
| Applied by agency above | BA/O | -10,824 | -11,663 | -10,985 | -11,494 | -12,048 | -12,813 | -13,725 |
| Total interfund transactions | BA/O | -70,279 | -79,179 | -87,064 | -97,714 | -109,151 | -121,480 | -134,832 |
| Off-Budget totals Δ | BA O | 326,419 320,778 | 334,349 328,929 | 342,646 340,256 | 351,670 350,164 | 361,694 359,929 | 372,936 372,042 | 386,913 384,912 |
| Federal Government totals Δ | BA O | 1,776,513 1,703,040 | 1,801,079 1,789,562 | 1,885,361 1,835,033 | 1,926,800 1,895,317 | 1,987,941 1,962,853 | 2,064,906 2,041,131 | 2,144,541 2,125,451 |

Federal Government Totals
(In millions of dollars)

| | 2000 | | 2001 | | 2002 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | BA | Outlays | BA | Outlays | BA | Outlays |
| Federal funds: | | | | | | |
| Enacted, pending and initial requests: | | | | | | |
| Appropriations | 1,360,199 | 1,351,694 | 1,407,517 | 1,380,142 | 1,427,065 | 1,404,999 |
| Proposed in this budget: | | | | | | |
| Supplemental proposal ^(A) | 4,370 | 7,560 | 6 | -4,059 | 6 | 360 |
| Rescission proposal ^(H) | -128 | -9 | | -3 | | -1 |
| To be proposed separately: | | | | | | |
| Legislative Proposals: | | | | | | |
| Subject to PAYGO ^(B) | 4,682 | 4,632 | 3,450 | 1,689 | 8,317 | 8,458 |
| Not subject to PAYGO ^(J) | 65 | 65 | 25,962 | 18,307 | 30,068 | 25,589 |
| Discretionary offset ^(O) | | | -1,576 | -1,191 | -407 | -407 |
| Allowances | | 843 | | -843 | | |
| Deductions for offsetting receipts | -46,586 | -46,586 | -43,636 | -43,636 | -48,653 | -48,653 |
| Subject to PAYGO ^(B) | | | -247 | -247 | -200 | -200 |
| Not subject to PAYGO ^(J) | | | -281 | -281 | -283 | -283 |
| Total Federal funds | 1,322,602 | 1,318,199 | 1,391,195 | 1,349,878 | 1,415,913 | 1,389,862 |
| Trust funds: | | | | | | |
| Enacted, pending and initial requests: | | | | | | |
| Appropriations | 809,132 | 802,018 | 862,362 | 852,946 | 895,238 | 889,562 |
| Proposed in this budget: | | | | | | |
| Supplemental proposal ^(A) | | | | -24 | | -13 |
| To be proposed separately: | | | | | | |
| Legislative Proposals: | | | | | | |
| Subject to PAYGO ^(B) | | | -1,132 | -1,168 | 2,825 | 2,481 |
| Not subject to PAYGO ^(J) | | | 2,008 | 2,473 | -1,167 | -566 |
| Deductions for offsetting receipts | -37,498 | -37,498 | -39,119 | -39,119 | -41,380 | -41,380 |
| Subject to PAYGO ^(B) | | | 340 | 340 | -56 | -56 |
| Total Trust funds | 771,634 | 764,520 | 824,459 | 815,448 | 855,460 | 850,028 |
| Interfund transactions (-) | -293,157 | -293,157 | -330,293 | -330,293 | -344,573 | -344,573 |
| Federal Government totals | 1,801,079 | 1,789,562 | 1,885,361 | 1,835,033 | 1,926,800 | 1,895,317 |

Federal Government Totals—Continued
(In millions of dollars)

| | 2003 | | 2004 | | 2005 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | BA | Outlays | BA | Outlays | BA | Outlays |
| Federal funds: | | | | | | |
| Enacted, pending and initial requests: | | | | | | |
| Appropriations | 1,465,013 | 1,447,356 | 1,505,964 | 1,489,187 | 1,554,527 | 1,543,752 |
| Proposed in this budget: | | | | | | |
| Supplemental proposal ^(A) | 46 | 164 | 6 | 53 | 6 | 20 |
| To be proposed separately: | | | | | | |
| Legislative Proposals: | | | | | | |
| Subject to PAYGO ^(B) | 7,658 | 7,813 | 12,415 | 12,366 | 14,440 | 14,307 |
| Not subject to PAYGO ^(J) | 23,357 | 22,445 | 30,344 | 29,939 | 33,039 | 32,710 |
| Discretionary offset ^(O) | -102 | -102 | -106 | -106 | -111 | -111 |
| Deductions for offsetting receipts | -45,388 | -45,388 | -43,430 | -43,430 | -45,125 | -45,125 |
| Subject to PAYGO ^(B) | -432 | -432 | -1,897 | -1,897 | -1,972 | -1,972 |
| Not subject to PAYGO ^(J) | -286 | -286 | -289 | -289 | -300 | -300 |
| Total Federal funds | 1,449,866 | 1,431,570 | 1,503,007 | 1,485,823 | 1,554,504 | 1,543,281 |
| Trust funds: | | | | | | |
| Enacted, pending and initial requests: | | | | | | |
| Appropriations | 946,732 | 939,703 | 993,880 | 987,031 | 1,053,226 | 1,045,092 |
| Proposed in this budget: | | | | | | |
| Supplemental proposal ^(A) | | -6 | | -3 | | -3 |
| To be proposed separately: | | | | | | |
| Legislative Proposals: | | | | | | |
| Subject to PAYGO ^(B) | 5,306 | 4,964 | 17,444 | 17,093 | 19,753 | 19,383 |
| Not subject to PAYGO ^(J) | -1,108 | -523 | -1,143 | -531 | -1,173 | -533 |
| Deductions for offsetting receipts | -43,823 | -43,823 | -46,539 | -46,539 | -49,345 | -49,345 |
| Subject to PAYGO ^(B) | -7,882 | -7,882 | -10,751 | -10,751 | -13,533 | -13,533 |
| Total Trust funds | 899,225 | 892,433 | 952,891 | 946,300 | 1,008,928 | 1,001,061 |
| Interfund transactions (-) | -361,150 | -361,150 | -390,992 | -390,992 | -418,891 | -418,891 |
| Federal Government totals | 1,987,941 | 1,962,853 | 2,064,906 | 2,041,131 | 2,144,541 | 2,125,451 |

^A Supplemental proposal.

^B Legislative proposal, subject to PAYGO.

^H Rescission proposal.

^J Legislative proposal, not subject to PAYGO.

^O Legislative proposal, discretionary offset.

LIST OF CHARTS AND TABLES

LIST OF CHARTS AND TABLES

LIST OF CHARTS

| | <i>Page</i> |
|---|-------------|
| 2-1. A Balance Sheet Presentation for the Federal Government | 23 |
| 2-2. Net Federal Liabilities | 25 |
| 2-3. Long Run Budget Projections | 27 |
| 2-4. Alternative Discretionary Spending Assumptions | 31 |
| 2-5. Alternative Receipts Assumptions | 32 |
| 2-6. Alternative Uses of the Surplus | 33 |
| 2-7. Alternative Assumptions about a Federal "Asset" | 34 |
| 2-8. Alternative Productivity Assumptions | 35 |
| 2-9. Alternative Fertility Assumptions | 36 |
| 2-10. Alternative Mortality Assumptions | 36 |
| 2-11. Alternative Immigration Assumptions | 37 |
| 8-1. Face Value of Federal Credit Outstanding | 207 |
| 18-1. Relationship of Budget Authority to Outlays for FY 2001 | 374 |

LIST OF TABLES

Economic and Accounting Analyses

Economic Assumptions:

| | |
|---|----|
| 1-1. Economic Assumptions | 9 |
| 1-2. Comparison of Economic Assumptions | 11 |
| 1-3. Comparison of Economic Assumptions in the 2000 and 2001 Budgets | 12 |
| 1-4. Effects on the Budget of Changes in Economic Assumptions Since Last Year | 13 |
| 1-5. Adjusted Structural Balance | 13 |
| 1-6. Sensitivity of the Budget to Economic Assumptions | 15 |

Stewardship: Toward a Federal Balance Sheet:

| | |
|--|----|
| 2-1. Government Assets and Liabilities | 24 |
| 2-2. Long-Run Budget Projections of 2001 Budget Policy | 30 |
| 2-3. Change in 75-Year Actuarial Balance for OASDI and HI Trust Funds (Intermediate Assumptions) | 38 |
| 2-4. National Wealth | 39 |
| 2-5. Economic and Social Indicators | 41 |

Federal Receipts and Collections

Federal Receipts:

| | |
|---|----|
| 3-1. Receipts by Source-Summary | 47 |
| 3-2. Effect on Receipts of Changes in the Social Security Taxable Earnings Base | 47 |
| 3-3. Effect of Proposals on Receipts | 87 |
| 3-4. Receipts by Source | 91 |

User Fees and Other Collections:

| | |
|---|----|
| 4-1. Gross Outlays, User Fees, Other Offsetting Collections and Receipts From the Public, and Net Outlays | 93 |
| 4-2. Total User Fee Collections | 97 |
| 4-3. User Fee Proposals | 98 |

LIST OF TABLES—Continued

| | <i>Page</i> |
|---|-------------|
| 4-4. Offsetting Collections and Receipts from the Public | 103 |
| 4-5. Offsetting Receipts by Type | 104 |
| Tax Expenditures: | |
| 5-1. Total Revenue Loss Estimates for Tax Expenditures in the Income Tax | 109 |
| 5-2. Corporate and Individual Income Tax Revenue Loss Estimates for Tax Expenditure | 112 |
| 5-3. Major Tax Expenditures in the Income Tax, Ranked by Total 2001 Revenue Loss | 117 |
| 5-4. Present Value of Selected Tax Expenditures for Activity in Calendar Year 1999 | 119 |
| 5-5. Outlay Equivalent Estimates for Tax Expenditures in the Income Tax | 120 |
| 5-6. Revenue Loss Estimates for Tax Expenditures in the Federal Unified Transfer Tax | 139 |
| <i>Special Analyses and Presentations</i> | |
| Federal Investment Spending and Capital Budgeting: | |
| 6-1. Composition of Federal Investment Outlays | 146 |
| 6-2. Federal Investment Budget Authority and Outlays: Defense and NonDefense Programs | 148 |
| 6-3. Federal Investment Budget Authority and Outlays: Grant and Direct Federal Programs | 150 |
| 6-4. Capital Asset Acquisitions | 157 |
| 6-5. Proposed Spending to Fully Fund Selected Capital Asset Acquisitions | 159 |
| 6-6. Net Stock of Federally Financed Physical Capital | 167 |
| 6-7. Composition of Gross and Net Federal and Federally Financed NonDefense Public Physical Investment | 168 |
| 6-8. Net Stock of Federally Financed Research and Development | 168 |
| 6-9. Net Stock of Federally Financed Education Capital | 169 |
| 6-10. Alternative Definitions of Investment Outlays, 2001 | 171 |
| 6-11. Capital, Operating, and Unified Budgets: Federal Capital, 2001 | 173 |
| 6-12. Unified Budget with National Investment Component, 2001 | 176 |
| 6-13. Capital, Operating, and Unified Budgets: National Capital, 2001 | 177 |
| 6-14. Current Services Outlay Projections for Federal Physical Capital | 180 |
| 6-15. Current Services Outlay Projections for Federal Physical Capital Spending | 180 |
| Research and Development Funding: | |
| 7-1. Federal Research and Development Spending | 184 |
| 7-2. Agency Detail of Major Initiatives | 185 |
| <i>Underwriting Federal Credit and Insurance:</i> | |
| Credit and Insurance | |
| 8-1. Estimated Future Cost of Outstanding Federal Credit Programs | 208 |
| 8-2. Face Value of Government-Sponsored Enterprise Lending | 209 |
| 8-3. Reestimates of Credit Subsidies on Loans Disbursed Between 1992-1999 | 210 |
| 8-4. Estimated 2001 Subsidy Rates, Budget Authority, and Loan Levels for Direct Loans | 211 |
| 8-5. Estimated 2001 Subsidy Rates, Budget Authority, and Loan Levels for Loan Guarantees | 212 |
| 8-6. Summary of Federal Direct Loans and Loan Guarantees | 213 |
| 8-7. Direct Loan Write-Offs and Guaranteed Loan Terminations for Defaults | 214 |
| 8-8. Appropriations Acts Limitations on Credit Loan Levels | 216 |
| 8-9. Direct Loan Transactions of the Federal Government | 218 |
| 8-10. Guaranteed Loan Transactions of the Federal Government | 230 |
| 8-11. Lending and Borrowing by Government-Sponsored Enterprises (GSEs) | 237 |
| 8-12. Government-Sponsored Enterprise Participation in the Credit Market | 239 |
| 8-13. Borrowing by Financing Vehicles | 240 |
| Aid to State and Local Governments: | |
| 9-1. Federal Grant Outlays by Agency | 241 |
| 9-2. Trends in Federal Grants to State and Local Governments | 246 |
| 9-3. Federal Grants to State and Local Governments—Budget Authority and Outlays | 248 |

LIST OF TABLES—Continued

| | <i>Page</i> |
|--|-------------|
| Federal Employment and Compensation: | |
| 10-1. Federal Employment in the Executive Branch | 258 |
| 10-2. Total Federal Employment (Positions filled) | 259 |
| 10-3. Total Federal Employment (FTE's) | 260 |
| 10-4. Personnel Compensation and Benefits | 261 |
| Strengthening Federal Statistics: | |
| 11-1. 1999-2001 Budget Authority for Principal Statistical Agencies | 266 |
| <i>Federal Borrowing and Debt</i> | |
| 12-1. Trends in Federal Debt Held by the Public | 269 |
| 12-2. Federal Government Financing and Debt | 272 |
| 12-3. Agency Debt | 274 |
| 12-4. Debt Held by Government Accounts | 276 |
| 12-5. Federal Funds Financing and Change in Debt Subject to Statutory Limit | 279 |
| 12-6. Foreign Holdings of Federal Debt | 280 |
| 12-7. Federal and Federally Guaranteed Participation in the Credit Market | 282 |
| <i>Budget Enforcement Act Preview Report:</i> | |
| Preview Report: | |
| 13-1. Proposed Discretionary Spending Limits | 286 |
| 13-2. Historical Summary of Changes to Discretionary Spending Limits | 287 |
| 13-3. Preview Report Adjustments to Discretionary Spending Limits | 289 |
| 13-4. Adjustments to Scoring of FY 2000 Appropriations Action for Change in Scoring Conventions | 291 |
| 13-5. Adjustments to the Highway and Mass Transit Categories for Changes in Receipts and Technical Assumptions | 292 |
| 13-6. Comparison of OMB and CBO Discretionary Spending Limits | 293 |
| 13-7. Pay-As-You-Go Scorecard | 294 |
| <i>Current Services Estimates</i> | |
| Current Services Estimates: | |
| 14-1. Current Services Estimates, 1999-2005 | 297 |
| 14-2. Summary of Economic Assumptions | 298 |
| 14-3. Beneficiary Projections for Major Benefit Programs | 299 |
| 14-4. Impact of Regulations, Expiring Authorizations, and Other Assumptions in the Baseline | 300 |
| 14-5. Baseline Receipts by Source | 305 |
| 14-6. Change in Baseline Outlay Estimates by Category | 305 |
| 14-7. Current Services Outlays by Function | 306 |
| 14-8. Current Services Outlays by Agency | 307 |
| 14-9. Current Services Budget Authority by Function | 308 |
| 14-10. Current Services Budget Authority by Agency | 309 |
| 14-11. Current Services Budget Authority by Function, Category and Program | 310 |
| 14-12. Current Services Outlays by Function, Category and Program | 325 |
| <i>Other Technical Presentations</i> | |
| Trust Funds and Federal Funds: | |
| 15-1. Receipts, Outlays, and Surplus or Deficit by Fund Group | 344 |
| 15-2. Income, Outgo, and Balances of Trust Funds Group | 346 |
| 15-3. Tribal Trust Fund Balances and Revised Budgetary Treatment | 347 |
| 15-4. Outlay Impact of Reclassifying Indian Tribal Funds as Non-Budgetary | 351 |
| 15-5. Income, Outgo, and Balances of Major Trust Funds | 352 |
| 15-6. Income, Outgo, and Balances of Selected Federal Funds | 358 |

LIST OF TABLES—Continued

| | <i>Page</i> |
|--|-------------|
| National Income and Product Accounts: | |
| 16-1. Federal Transactions in the National Income and Product Accounts, 1999–2001 | 363 |
| 16-2. Relationship of the Budget to the Federal Sector, NIPA | 364 |
| 16-3. Federal Receipts and Expenditures in the NIPA, Quarterly, 1999 | 365 |
| Comparison of Actual to Estimated Totals for 1999: | |
| 17-1. Comparison of Actual 1999 Receipts with the Initial Current Services Estimates | 367 |
| 17-2. Comparison of Actual 1999 Outlays with the Initial Current Services Estimates | 368 |
| 17-3. Comparison of the Actual 1999 Surplus with the Initial Current Services Estimates of the Deficit | 369 |
| 17-4. Comparison of Actual and Estimated Outlays for Mandatory and Related Programs Under Current Law | 370 |
| 17-5. Reconciliation of Final Amounts for 1999 | 371 |
| Off-Budget Federal Entities and Non-Budgetary Activities: | |
| 19-1. Comparison of Total, On-Budget, Off-Budget, and Medicare Solvency Transactions | 376 |
| Outlays to Public, Net and Gross: | |
| 20-1. Total Outlays, Net and Gross of Offsetting Collections and Receipts from the Public, by Agen- cy, 1999–2001 | 380 |
| Report on the Government-Wide Rescissions in the Consolidated Appropriations Act, 2000 P.L.106–113: | |
| 21-1. FY 2000 Government-Wide Rescission Consolidated Appropriations Act | 381 |
| <i>Information Technology Investments</i> | |
| Program Performance Benefits from Major Information Technology Investments: | |
| 22-1. IT Performance Table | 401 |
| <i>Federal Drug Control Funding</i> | |
| Federal Drug Control Funding: | |
| 23-1. Federal Drug Control Funding | 441 |
| <i>Federal Programs by Agency and Account</i> | |
| 25-1. Federal Programs by Agency and Account | 467 |

