



*FISCAL YEAR 2002*

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# ANALYTICAL PERSPECTIVES

BUDGET OF THE  
UNITED STATES GOVERNMENT

## THE BUDGET DOCUMENTS

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

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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.

U.S. GOVERNMENT PRINTING OFFICE  
WASHINGTON 2001

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# ECONOMIC AND ACCOUNTING ANALYSES

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# 1. ECONOMIC ASSUMPTIONS

## Introduction

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

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

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

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

## Recent Developments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Economic Projections

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

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

(Calendar years; dollar amounts in billions)

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

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

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

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

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

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

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

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

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

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

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

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

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

### Comparison with CBO and Private-Sector Forecasts

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

The Administration's projections always assume that the President's policy proposals in the Budget will be adopted in full. In contrast, CBO normally assumes that current law will continue to hold; thus, it makes

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

(Calendar years; percent)

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

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

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

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

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

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

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

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

### Structural vs. Cyclical Balance

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

The structural balance gives a clearer picture of the stance of fiscal policy because this part of the surplus or deficit will persist even when the economy achieves permanently sustainable operating levels. For this reason, changes in the structural balance give a better

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

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

In the early 1990s, large swings in net outlays for deposit insurance (the S&L bailouts) had substantial impacts on deficits, but had little concurrent impact on economic performance. It therefore became customary to remove deposit insurance outlays as well as the cyclical component of the surplus or deficit from the actual surplus or deficit to compute the adjusted structural balance. This is shown in Table 1–3.

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

### Sensitivity of the Budget to Economic Assumptions

Both receipts and outlays are affected by changes in economic conditions. This sensitivity complicates budget planning because errors in economic assumptions lead to errors in the budget projections. It is therefore useful to examine the implications of alternative economic assumptions. Many of the budgetary effects of changes in economic assumptions are fairly predictable, and a set of rules of thumb embodying these relationships can aid in estimating how changes

**Table 1–3. ADJUSTED STRUCTURAL BALANCE**

(In billions of dollars)

|  | 1992   | 1993   | 1994   | 1995   | 1996   | 1997  | 1998 | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  |
|--|--------|--------|--------|--------|--------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| Unadjusted deficit (–) or surplus .....          | –290.4 | –255.1 | –203.3 | –164.0 | –107.5 | –22.0 | 69.2 | 124.6 | 236.4 | 280.7 | 231.2 | 242.0 | 262.1 | 269.0 |
| Cyclical component .....                         | –109.9 | –104.0 | –68.7  | –29.5  | –16.0  | 5.9   | 33.5 | 44.8  | 72.0  | 36.3  | 2.1   | 6.4   | 7.6   | 7.1   |
| Structural deficit (–) or surplus .....          | –180.5 | –151.1 | –134.6 | –134.5 | –91.5  | –27.9 | 35.7 | 79.8  | 164.4 | 244.4 | 229.1 | 235.6 | 254.5 | 261.9 |
| Deposit insurance outlays .....                  | –2.3   | –28.0  | –7.6   | –17.9  | –8.4   | –14.4 | –4.4 | –5.3  | –3.1  | –1.0  | –0.7  | 0.1   | 0.6   | 1.1   |
| Adjusted structural deficit (–) or surplus ..... | –182.8 | –179.1 | –142.2 | –152.3 | –99.9  | –42.3 | 31.3 | 74.5  | 161.3 | 243.4 | 228.4 | 235.7 | 255.1 | 263.0 |

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

in the economic assumptions would alter outlays, receipts, and the surplus.

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

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

Highlights of the budget effects of the above rules of thumb are shown in Table 1–4.

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

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

The effects of slower productivity growth are shown in a third example, where real growth is one percentage point lower per year while the unemployment rate is unchanged. In this case, the estimated budget effects mount steadily over the years, but more slowly, resulting in a \$431.9 billion worsening of the budget balance by 2011.

Joint changes in interest rates and inflation have a smaller effect on the surplus than equal percentage point changes in real GDP growth. An example is the effect of a one percentage point higher rate of inflation and one percentage point higher interest rates during calendar year 2001 only. In subsequent years, the price level and nominal GDP would be one percent higher than in the base case, but interest rates are assumed to return to their base levels. Outlays for 2001 rise by \$5.5 billion and receipts by \$11.0 billion, for an increase of \$5.5 billion in the 2001 surplus. In 2002, outlays would be above the base by \$11.4 billion, due in part to lagged cost-of-living adjustments; receipts would rise \$22.4 billion above the base, however, resulting in an \$11.0 billion improvement in the budget balance. In subsequent years, the amounts added to receipts would continue to be larger than the additions to outlays.

If the rate of inflation and the level of interest rates are higher by one percentage point in all years, the price level and nominal GDP would rise by a cumulatively growing percentage above their base levels. In this case, the effects on receipts and outlays mount steadily in successive years, adding \$57.7 billion to outlays in 2011 and \$341.1 billion to receipts, for a net increase in the 2011 surplus of \$283.4 billion. This rule-of-thumb now shows a more positive net budget outcome than was estimated a few years ago, when the interest outlays were larger because of higher levels of public debt.

The table shows the interest rate and the inflation effects separately. These separate effects for interest rates and inflation rates do not sum to the effects for simultaneous changes in both. This occurs in part because, when the budget is in surplus and debt is being retired, the combined effects of two changes in assumptions affecting debt financing patterns and interest costs may differ from the sum of the separate effects.

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

The last entry in the table shows rules of thumb for the added interest cost associated with changes in the budget surplus.

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

These rules of thumb are computed while holding the income share composition of GDP constant. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be

affected significantly by changing income shares. However, the relationships between changes in income shares and changes in growth, inflation, and interest rates are too complex to be reduced to simple rules.

**Table 1-4. SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS**

(In billions of dollars)

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

\* \$50 million or less.

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



## 2. STEWARDSHIP: TOWARD A FEDERAL BALANCE SHEET

### Introduction

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

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

The presentation consists of three parts:

- Part I reports on what the Federal Government owns and what it owes. Table 2–1 summarizes this information. The assets and liabilities in this table are a useful starting point for analysis, but they are only a partial reflection of the full range of Government resources and responsibilities. Only those items actually owned by the Government are included in the table, but the Government is able to draw on other resources. It can tax and use other measures to meet future obligations. The liabilities shown in the table include the binding commitments that have resulted from prior Government action, but the Government's responsibilities are much broader than this.
- Part II presents possible paths for the Federal budget that extend beyond the ten-year budget window. Table 2–2 summarizes this information. This part is intended to show the Government's long-run financial burdens and the resources that it will have available to meet them. Some future claims on the Government deserve special emphasis because of their importance to individuals' retirement plans. Table 2–3 summarizes the condition of the Social Security and Medicare trust funds and how that condition changed between 1999 and 2001.

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

### Relationship with FASAB Objectives

The framework presented here meets the stewardship objective<sup>1</sup> for Federal financial reporting recommended by the Federal Accounting Standards Advisory Board and adopted for use by the Federal Government in September 1993.

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

- 3a. Whether the Government's financial position improved or deteriorated over the period.
- 3b. Whether future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due.
- 3c. Whether Government operations have contributed to the Nation's current and future well-being.

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

### What Can Be Learned from a Balance Sheet Approach

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

<sup>1</sup>Objectives of Federal Financial Reporting, Statement of Federal Financial Accounting Concepts Number 1, September 2, 1993. The other objectives are budgetary integrity, operating performance, and systems and controls.

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

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

For example, the Federal Government invests in education and research. The Government earns no direct return from these investments; but the Nation and its people are made richer if they are done successfully. The return on these investments shows up not as an increase in Government assets, but as an increase in the general state of knowledge and in the earning capacity of the country's citizens. A business's motives for investment are quite different; business invests to earn a profit for itself, not others, and if its investments are successful, their value will be reflected in its balance sheet. Because the Federal Government's objectives are different, its balance sheet behaves differently, and should be interpreted differently.

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

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

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

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

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

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

The Government is not a business, and accounting standards designed to illuminate how much a business earns and how much equity it has could provide misleading information if applied to the Government. In recent years, the Federal Accounting Standards Advisory Board (FASAB) has developed, and the Government has adopted, a conceptual accounting framework that reflects the Government's distinct functions and answers the questions for which Government should be accountable. This framework addresses budgetary integrity, operating performance, stewardship, and systems and controls. The Board has also developed, and the Government has

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

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

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

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

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

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

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

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

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

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

The second part of this chapter describes how the budget is likely to evolve under various possible alternative scenarios.

**QUESTIONS AND ANSWERS ABOUT THE GOVERNMENT'S "BALANCE SHEET"—Continued****6. *Would it be sensible for the Government to borrow to finance needed capital—permitting a deficit in the budget—so long as it was no larger than the amount spent on Federal investments?***

The Government consumes capital each year in the process of providing goods and services to the public. If the Government financed new capital by borrowing, it should also plan to pay off this debt as the capital was used up. As discussed in Chapter 6 of *Analytical Perspectives*, net investment in physical capital owned by the Federal Government has often been negative recently, so little if any deficit spending would actually have been justified recently by this borrowing-for-investment criterion.

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

There is another difficulty with the logic of borrowing to invest. Businesses expect investments to earn a return large enough to cover their cost. In contrast, the Federal Government does not generally expect to receive a direct payoff from its investments, whether or not it owns them. In this sense, Government investments are no different from other Government expenditures, and the fact that they provide services over a longer period is no justification for excluding them when calculating the surplus/deficit.

Finally, the Federal Government must pursue policies that support the overall financial and economic well-being of the Nation. The Government may deem it desirable to run a budget surplus, even if this means paying for its own investments from current revenues, instead of borrowing. Considerations in addition to the size of Federal investment must be weighed in choosing the right level of the surplus.

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

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

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

For setting fiscal policy, however, an alternative to the unified budget is useful. In particular, the Congress has moved Social Security off-budget. The purpose of doing so was to stress the need to provide independent, sustainable funding for Social Security in the long term; and to show the extent to which the rest of the budget had relied on annual Social Security surpluses to make up for its own shortfall.

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

A good starting point for analysis is Table 2-1, which shows the Government's assets and liabilities. This illustrative tabulation of net liabilities is based on data from a variety of public and private sources. It has sometimes been suggested that the Federal Government's assets, if fully accounted for, would exceed its debts. Table 2-1 clearly shows that this is not correct. For many years, Government debts increased far more than did Government assets, although in recent years, Government budget surpluses have allowed the Government to reduce its debt and thereby lower its net liabilities.

Table 2-1 presents the Government's binding obligations—such as Treasury debt and the present discounted value of the pensions owed to Federal employees as deferred compensation. These obligations have counterparts in the business world, and would appear on a business balance sheet. Accrued obligations for Government insurance policies and the estimated present value of failed loan guarantees and deposit insurance claims are also analogous to private liabilities, and are included with the other Government liabilities. These obligations form only a subset of the Government's financial responsibilities.

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

balance sheet. These include the Government's sovereign powers to tax, regulate commerce, and set monetary policy. The best way to analyze how the Government uses these powers is to make a long-run projection of the Federal budget (as is done in Part II of this chapter). The budget provides a comprehensive measure of the Government's annual cash flows. Projecting it forward shows how the Government is expected to use its powers to generate cash flows in the future.

The Government has established a broad range of programs that dispense cash and other benefits to individual recipients. The Government is not constitutionally obligated to continue payments under these programs; the benefits can be modified or even ended at any time, subject to the decisions of Congress. Such changes are a regular part of the legislative cycle. It is likely, however, that many of these programs will remain Federal responsibilities in some form for the foreseeable future.

The numbers in the budget are silent on the issue of whether the public is receiving value for its tax dollars. Information on that point requires performance measures for Government programs supplemented by appropriate information about conditions in the economy and society. Some such data are currently available, but more measures need to be developed to obtain a full picture. Examples of what might be done are discussed below.

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

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

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

- Reading down the left-hand side of Chart 2-1 shows the range of Federal resources, including assets the Government owns, tax receipts it can expect to collect, and national wealth that provides the base for Government revenues.
- Reading down the right-hand side reveals the full range of Federal obligations and responsibilities,

beginning with Government's acknowledged liabilities based on past actions, such as the debt held by the public, and going on to include future budget outlays. This column ends with a set of indicators highlighting areas where Government activity affects society or the economy.

## PART I—THE FEDERAL GOVERNMENT'S ASSETS AND LIABILITIES

Table 2-1 summarizes what the Government owes as a result of its past operations netted against the value of what it owns for a number of years beginning in 1960. Assets and liabilities are measured in terms of constant FY 2000 dollars. Ever since 1960, Government liabilities have exceeded the value of assets (see chart 2-2). In the late 1970s, a speculative run-up in the prices of oil, gold, and other real assets temporarily boosted the value of Federal holdings, but subsequently those prices declined.<sup>2</sup> Currently, the total real value

<sup>2</sup>This temporary improvement highlights the importance of the other tables in this presentation. What is good for the Federal Government as an asset holder is not necessarily favorable to the economy. The decline in inflation in the early 1980s reversed the speculative run-up in gold and other commodity prices. This reduced the balance of Federal net assets, but it was good for the economy and the Nation as a whole.

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

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

Table 2-1. GOVERNMENT ASSETS AND LIABILITIES \*

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

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

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

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

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

### **Assets**

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

*Financial Assets:* According to the Federal Reserve Board's Flow-of-Funds accounts, the Federal Government's holdings of financial assets amounted to \$0.4 trillion at the end of FY 2000. Government-held mortgages and other loans (measured in constant dollars) reached a peak in the mid-1980s. Since then, the value of Federal loans has declined. Holdings of mortgages rose sharply in the late 1980s and then declined in the 1990s, as the Government acquired mortgages from failed savings and loan institutions and then liquidated them.

The face value of mortgages and other loans overstates their economic worth. OMB estimates that the discounted present value of future losses and interest subsidies on these loans is about \$40 billion as of 2000. These estimated losses are subtracted from the face value of outstanding loans to obtain a better estimate of their economic worth.

*Reproducible Capital:* The Federal Government is a major investor in physical capital and computer software. Government-owned stocks of such capital amounted to about \$1.0 trillion in 2000 (OMB estimate). About two-thirds of this capital took the form of defense equipment or structures.

*Non-reproducible Capital:* The Government owns significant amounts of land and mineral deposits. There are no official estimates of the market value of these holdings (and of course, in a realistic sense, much of these resources could or would never be sold). Researchers in the private sector have estimated what they are worth, and these estimates are extrapolated in Table 2–1. Private land values fell sharply in the early 1990s, but they have risen since 1993. It is assumed here that Federal land shared in the decline and the subsequent recovery. Oil prices declined in 1997–1998 but rebounded sharply in 1999–2000 causing the estimated value of Federal mineral deposits to fluctuate. (The estimates omit other types of valuable assets owned by the Government, such as works of art and historical artefacts, because the valuation of many of these assets would have little realistic basis, and because, as part of the Nation's historical heritage, most of these objects would never be sold.)

*Total Assets:* The total real value of Government assets is lower now than at the end of the 1980s, mainly because of declines in defense capital, although Government asset values have risen strongly since 1998. Even so, the Government's holdings are vast. At the end of 2000, the value of Government assets is estimated to have been about \$2.5 trillion.

### **Liabilities**

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

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

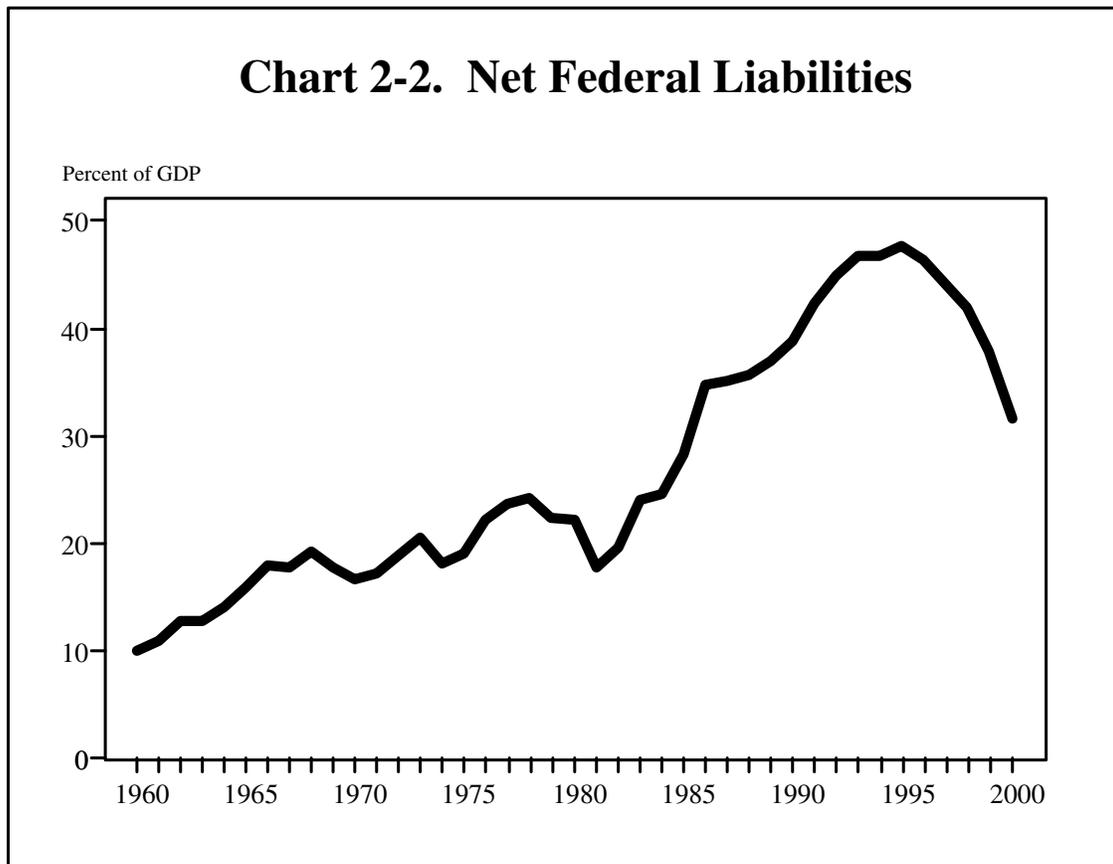
*Guarantees and Insurance Liabilities:* The Federal Government has contingent liabilities arising from loan guarantees and insurance programs. When the Government guarantees a loan or offers insurance, cash disbursements may initially be small or, if a fee is charged, the Government may even collect money; but the risk of future cash payments associated with such commitments can be large. The figures reported in Table 2–1 are estimates of the current discounted value of prospective future losses on outstanding guarantees and insurance contracts. The present value of all such losses taken together is less than \$0.1 trillion. The resolution of the many failures in the savings and loan and banking industries has helped to reduce the liabilities in this category by about half since 1990.

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

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

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

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



## PART II—THE BALANCE OF RESOURCES AND RESPONSIBILITIES

This part of the presentation describes long-run projections of the Federal budget that extend beyond the normal 5 to 10 year budget horizon. Forecasting the economy and the budget over such a long period is highly uncertain. Future budget outcomes depend on a host of unknowns—constantly changing economic conditions, unforeseen international developments, unexpected demographic shifts, the unpredictable forces of technological advance, and evolving political preferences. Those uncertainties increase the further into the future the projections are pushed. Long-run budget projections can be useful, however, in sounding warnings about future problems. Federal responsibilities extend well beyond the next decade. There is no time limit on the Government's constitutional responsibilities, and programs like Social Security are intended to continue indefinitely.

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

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

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

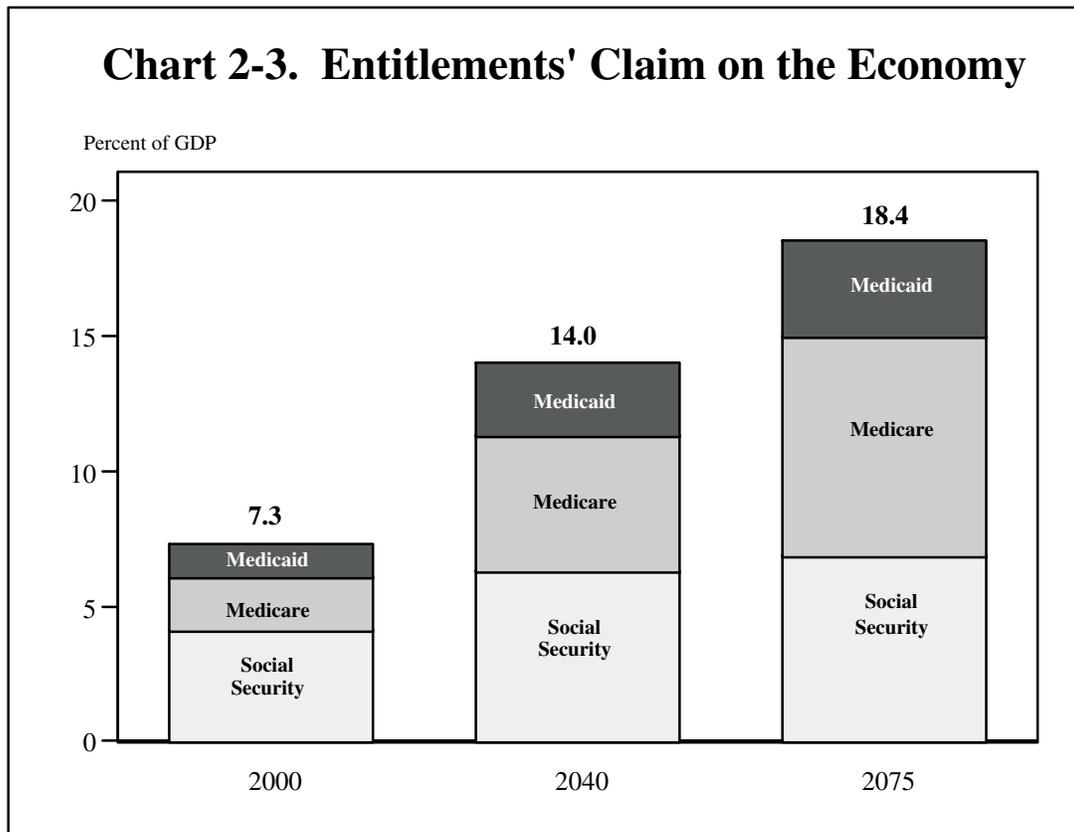
The pressures are expected to persist even after the baby-boomers are no longer here. The Social Security actuaries project that the ratio of workers to Social Security beneficiaries will fall from around 3½ currently to around 2 as the baby-boomers retire, and because of lower fertility and improved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

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

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

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

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



<sup>4</sup>Over long periods when the rate of inflation is positive, comparisons of dollar values are meaningless. Even the low rate of inflation assumed in this budget will reduce the value of a 2000 dollar by almost 50 percent by 2030, and by 65 percent by 2050. For long-run comparisons, it is much more useful to examine the ratio of the surplus/deficit and other budget totals to the expected size of the economy as measured by GDP.

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

### Social Security: The Long-Range Challenge

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

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

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

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

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

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

### Medicare: The Long-Range Challenge

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

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

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

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

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

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

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

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

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

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

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

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

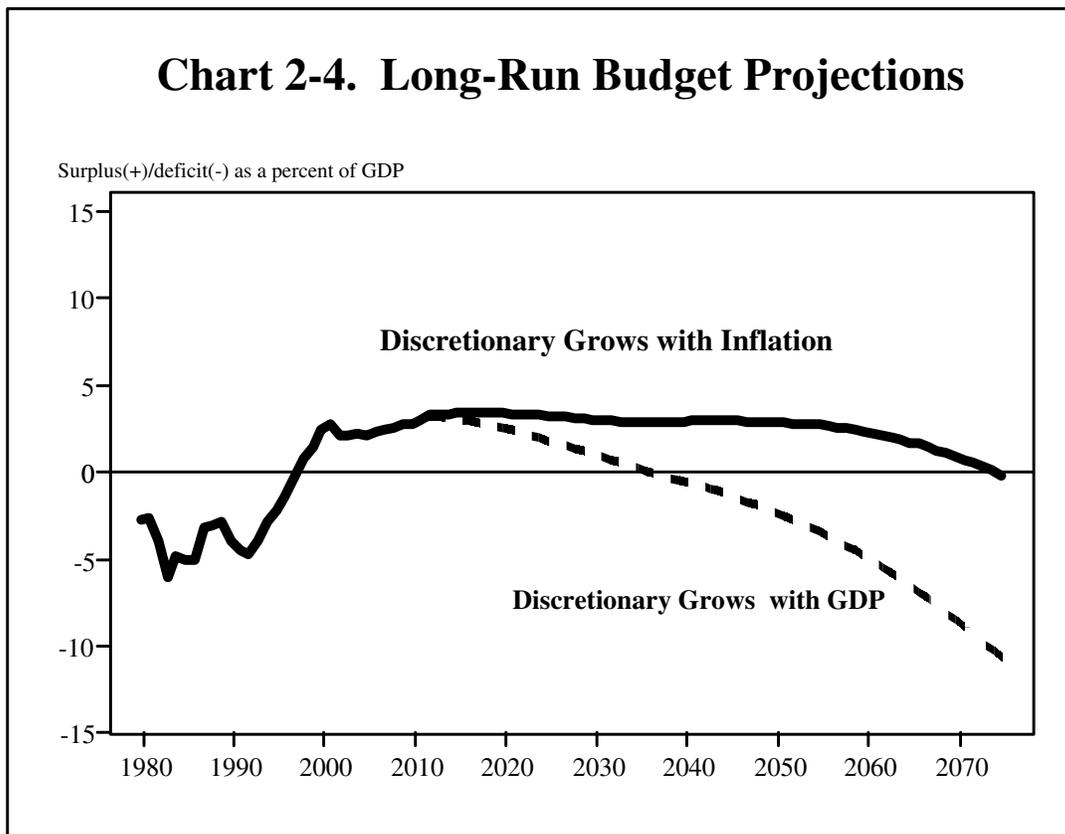
- In line with the projections of the Social Security Trustees, U.S. population growth is expected to slow from 1 percent per year in the 1990s to about half that rate by 2030.
- Labor force participation declines as the population ages and the proportion of retirees increases.
- Real GDP growth declines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

The economic projections described above are set by assumption and do not automatically change in response to changes in the budget outlook. This is unrealistic, but it simplifies comparisons of alternative policies.

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

new programs or enhancements of existing programs except for those proposed in the budget. Under each of these alternatives, the major entitlement programs are expected to absorb an increasing share of budget resources.

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



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

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

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

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

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

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

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

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

Eventually, the rising trend in health care costs for both Government and the private sector will have to end, but it is hard to know when and how that will happen. "Eventually" could be a long way off. Improved health and increased longevity are highly valued, and society may be willing spend a larger share of income on them than it has heretofore. There are many reasonable alternative health cost and usage projections, as well as variations in the demographic projections to which they can be applied. Innovations in health care

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

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

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

3. *Productivity:* The rate of future productivity growth is perhaps the most powerful of the uncertainties affecting the long-run budget outlook. Productivity in the U.S. economy slowed markedly and unexpectedly after 1973. This slowdown was responsible for a slower rise in U.S. real incomes for the next two decades. Recently, productivity growth has increased. Since 1995, productivity has grown about as fast as it did during the 25-year period prior to 1973. The revival of productivity growth is one of the most welcome developments of the last several years. A higher rate of growth makes the task of preserving a balanced budget much easier; a lower productivity growth rate has the opposite effect. Although the long-run growth rate of productivity is inherently uncertain, productivity growth in the United States has averaged about 2 percent per year for over a century, and is projected to continue at that rate in these projections.

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

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

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

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

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

#### **Actuarial Balance in the Social Security and Medicare Trust Funds:**

The Trustees for the Social Security and Hospital Insurance trust funds issue annual reports that include projections of income and outgo for these funds over a 75-year period. These projections are based on different methods and assumptions than the long-run budget projections presented above, although the budget projections do rely on the Social Security assumptions for population growth and labor force growth after the year 2011. Even with these differences, the message is similar: The retirement of the baby-boom generation coupled with expected high rates of growth in per capita health care costs will exhaust the trust funds unless further remedial action is taken.

The Trustees' reports feature the 75-year actuarial balance of the trust funds as a summary measure of their financial status. For each trust fund, the balance is calculated as the change in receipts or program benefits (expressed as a percentage of taxable payroll) that would be needed to preserve a small positive balance in the trust fund at the end of 75 years. Table 2-3 shows the changes in the 75-year actuarial balances of the Social Security and Medicare trust funds from 1999 to 2001. There were improvements in the consolidated OASDI trust fund and a deterioration in the HI trust fund. The changes were due to revisions in the actuarial assumptions. In the case of the OASDI funds, a small improvement in the economic assumptions was made, along with a similar change in the technical assumptions. For the HI program the Trustees revised their economic and technical assumptions. The change in economic and demographic assumptions made a small improvement in the actuarial balance, but this was more than offset by the large change in technical

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

(As percent of taxable payroll)

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

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

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

### PART III—NATIONAL WEALTH AND WELFARE

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

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

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

The conclusion of the table is that Federal investments are responsible for about 7 percent of total national wealth. This may seem like a small fraction, but it represents a large volume of capital—\$5 trillion. The Federal contribution is down from around 9 percent

in the mid-1980s, and from around 12 percent in 1960. Much of this reflects the shrinking size of the defense capital stocks, which have gone down from 12 percent of GDP to 7 percent since the end of the Cold War.

#### **Physical Assets:**

The physical assets in the table include stocks of plant and equipment, office buildings, residential structures, land, and the Government's physical assets such as military hardware and highways. Automobiles and consumer appliances are also included in this category. The total amount of such capital is vast, around \$39 trillion in 2000, consisting of \$33 trillion in private capital and \$6 trillion in public capital; by comparison, GDP was about 10 trillion.

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

#### **Education Capital:**

Economists have developed the concept of human capital to reflect the notion that individuals and society invest in people as well as in physical assets. Investment in education is a good example of how human capital is accumulated.

This table includes an estimate of the stock of capital represented by the Nation's investment in formal education and training. The estimate is based on the cost of replacing the years of schooling embodied in the U.S. population aged 16 and over; in other words, the idea

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

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

is to measure how much it would cost to reeducate the U.S. workforce at today's prices (rather than at its original cost). This is more meaningful economically than the historical cost, and is comparable to the measures of physical capital presented earlier.

Although this is a relatively crude measure, it does provide a rough order of magnitude for the current value of the investment in education. According to this measure, the stock of education capital amounted to \$37 trillion in 2000, of which about 3 percent was financed by the Federal Government. It is nearly equal to the total value of the Nation's stock of physical capital. The main investors in education capital have been State and local governments, parents, and students themselves (who forgo earning opportunities in order to acquire education).

Even broader concepts of human capital have been suggested. Not all useful training occurs in a school-room or in formal training programs at work. Much informal learning occurs within families or on the job, but measuring its value is very difficult. However, labor compensation amounts to about two-thirds of national income, and thinking of this income as the product of human capital suggests that the total value of

human capital might be two times the estimated value of physical capital. Thus, the estimates offered here are in a sense conservative, because they reflect only the costs of acquiring formal education and training.

#### **Research and Development Capital:**

Research and Development can also be thought of as an investment, because R&D represents a current expenditure that is made in the expectation of earning a future return. After adjusting for depreciation, the flow of R&D investment can be added up to provide an estimate of the current R&D stock.<sup>8</sup> That stock is estimated to have been about \$2 trillion in 2000. Although this is a large amount of research, it is a relatively small portion of total National wealth. Of this stock, about 40 percent was funded by the Federal Government.

#### **Liabilities:**

When considering how much the United States owes as a Nation, the debts that Americans owe to one an-

<sup>8</sup> R&D depreciates in the sense that the economic value of applied research and development tends to decline with the passage of time, as still newer ideas move the technological frontier.

other cancel out. This means they do not belong in Table 2–4, which is intended to show National totals only, but it does not mean they are unimportant. The only debt that appears in Table 2–4 is the debt that Americans owe to foreign investors. America’s foreign debt has been increasing rapidly in recent years, because of the rising deficit in the U.S. current account, but even so, the size of this debt remains small compared with the total stock of U.S. assets. It amounted to 4 percent of total assets 2–4 in 2000.

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

### **Trends in National Wealth**

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

The net stock of private nonresidential plant and equipment grew 2.4 percent per year from 1980 to 2000, compared with 4.4 percent in the 1960s and 1970s; and the stock of business inventories increased even less, just 0.7 percent per year on average since 1980. However, private nonresidential fixed capital has increased much more rapidly since 1995—3.9 percent per year—reflecting the recent investment boom.

The accumulation of education capital, as measured here, has also slowed down since 1980, but not as much. It grew at an average rate of 5.2 percent per year in the 1960s and 1970s, about 0.9 percentage point faster than the average rate of growth in private physical capital during the same period. Since 1980, education capital has grown at a 4.0 percent annual rate. This reflects both the extra resources devoted to schooling in this period, and the fact that such resources were increasing in economic value. R&D stocks have grown at about 4.3 percent per year since 1980, the fastest growth rate for any major category of investment over this period, but slower than the growth of R&D in the 1960s and 1970s.

### **Other Federal Influences on Economic Growth**

Federal investment decisions, as reflected in Table 2–4, obviously are important, but the Federal Government also contributes to wealth in ways that cannot be easily captured in a formal presentation. The Federal Reserve’s monetary policy affects the rate and di-

rection of capital formation in the short run, and Federal regulatory and tax policies also affect how capital is invested, as do the Federal Government’s policies on credit assistance and insurance.

### **Social Indicators**

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

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

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

Such a table can serve two functions. First, it highlights areas where the Federal Government might need to modify its current practices or consider new approaches. Where there are clear signs of deteriorating conditions, corrective action might be appropriate. Second, the table provides a context for evaluating other data on Government activities. For example, Government actions that weaken its own financial position may be appropriate when they promote a broader social objective. The Government cannot avoid making such trade-offs because of its size and the broad ranging effects of its actions. Monitoring these effects and incorporating them in the Government’s policy making is a major challenge.

It is worth noting that, in recent years, many of the indicators in this table have turned around. The improvement in economic conditions has been widely noted, but there have also been some significant social improvements. Perhaps, most notable has been the turnaround in the crime rate. Since reaching a peak in the early 1990s, the violent crime rate has fallen by over 25 percent. The turnaround has been especially dramatic in the murder rate, which was lower in 1999 than at any time since the 1960s.

### **An Interactive Analytical Framework**

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

Table 2-5. ECONOMIC AND SOCIAL INDICATORS

| General categories      | Specific measures  | 1960   | 1965   | 1970   | 1975   | 1980   | 1985   | 1990   | 1995   | 1998   | 1999   | 2000   |
|-------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Economic:</b>        |  |        |        |        |        |        |        |        |        |        |        |        |
| Living Standards .....  | Real GDP per person (1996 dollars) .....                                 | 13,145 | 15,587 | 17,445 | 18,909 | 21,523 | 23,971 | 26,832 | 28,673 | 31,470 | 32,512 | 33,837 |
|                         | average annual percent change (5-year trend) .....                       | 0.7    | 3.5    | 2.3    | 1.6    | 2.6    | 2.2    | 2.3    | 1.3    | 2.3    | 2.9    | 3.4    |
|                         | Median Income (1999 dollars):  |        |        |        |        |        |        |        |        |        |        |        |
|                         | All Households .....   | N/A    | N/A    | 35,232 | 34,980 | 35,850 | 36,568 | 38,168 | 37,251 | 39,744 | 40,816 | N/A    |
|                         | Married Couple Families .....  | 30,386 | 35,390 | 42,420 | 44,072 | 46,844 | 48,153 | 50,853 | 51,447 | 55,377 | 56,676 | N/A    |
|                         | Female Householder, No Spouse Present .....                              | 15,356 | 17,206 | 20,545 | 20,288 | 21,069 | 21,150 | 21,583 | 21,526 | 22,652 | 23,732 | N/A    |
|                         | Income Share of Lower 60% of All Families .....                          | 34.8   | 35.2   | 35.2   | 35.2   | 34.5   | 32.7   | 32.0   | 30.3   | 29.8   | 29.8   | N/A    |
|                         | Poverty Rate (%) <sup>1</sup> .....                                      | 22.2   | 17.3   | 12.6   | 12.3   | 13.0   | 14.0   | 13.5   | 13.8   | 12.7   | 11.8   | N/A    |
| Economic Security ..... | Civilian Unemployment (%) .....  | 5.5    | 4.5    | 4.9    | 8.5    | 7.1    | 7.2    | 5.5    | 5.6    | 4.5    | 4.2    | 4.0    |
|                         | CPI-U (% Change) .....   | 1.7    | 1.6    | 5.8    | 9.1    | 13.5   | 3.5    | 5.4    | 2.8    | 1.6    | 2.1    | 3.4    |
| Employment .....        | Increase in Total Payroll Employment Previous 12 Months (millions) ..... | 0.4    | 2.2    | -0.1   | 0.5    | -0.3   | 2.0    | 0.4    | 0.4    | 1.9    | 1.9    | 1.3    |
|                         | Managerial or Professional Jobs (% of civilian employment) .....         | N/A    | N/A    | N/A    | N/A    | N/A    | 24.1   | 25.8   | 28.3   | 29.6   | 30.3   | 30.2   |
| Wealth Creation .....   | Net National Saving Rate (% of GDP) .....                                | 10.2   | 12.1   | 8.2    | 6.6    | 7.5    | 6.1    | 4.6    | 4.7    | 6.6    | 6.0    | 5.6    |
| Innovation .....        | Patents Issued to U.S. Residents (thousands) .....                       | 42.3   | 54.1   | 50.6   | 51.5   | 41.7   | 45.1   | 53.0   | 64.5   | 90.7   | 94.1   | 91.2   |
|                         | Multifactor Productivity (average annual percent change) .....           | 0.8    | 2.8    | 0.8    | 1.1    | 0.8    | 0.6    | 0.5    | 0.6    | 1.1    | N/A    | N/A    |
| <b>Environment:</b>     |  |        |        |        |        |        |        |        |        |        |        |        |
| Air Quality .....       | Nitrogen Oxide Emissions (thousand short tons) .....                     | 14,140 | 16,579 | 20,928 | 22,632 | 24,384 | 23,198 | 24,049 | 24,921 | 24,454 | N/A    | N/A    |
|                         | Sulfur Dioxide Emissions (thousand short tons) .....                     | 22,227 | 26,750 | 31,161 | 28,011 | 25,905 | 23,658 | 23,660 | 19,181 | 19,647 | N/A    | N/A    |
|                         | Lead Emissions (thousand short tons) .....                               | N/A    | N/A    | 221    | 160    | 74     | 23     | 4      | 4      | 4      | N/A    | N/A    |
| Water Quality .....     | Population Served by Secondary Treatment or Better (mils) .....          | N/A    | N/A    | N/A    | N/A    | N/A    | 134    | 155    | 166    | N/A    | N/A    | N/A    |
| <b>Social:</b>          |  |        |        |        |        |        |        |        |        |        |        |        |
| Families .....          | Children Living with Mother Only (% of all children) .....               | 9.2    | 10.2   | 11.6   | 16.4   | 18.6   | 20.2   | 21.6   | 24.0   | 23.6   | 22.4   | N/A    |
| Safe Communities .....  | Violent Crime Rate (per 100,000 population) <sup>2</sup> .....           | 160    | 199    | 364    | 482    | 597    | 557    | 732    | 685    | 568    | 525    | N/A    |
|                         | Murder Rate (per 100,000 population) <sup>2</sup> .....                  | 5      | 5      | 8      | 10     | 10     | 8      | 9      | 8      | 6      | 6      | N/A    |
|                         | Murders/Manslaughter (per 100,000 Persons Age 14 to 17) .....            | N/A    | N/A    | N/A    | 11     | 13     | 10     | 24     | 24     | 13     | 11     | N/A    |
| Health .....            | Infant Mortality (per 1000 Live Births) .....                            | 26.0   | 24.7   | 20.0   | 16.1   | 12.6   | 10.6   | 9.2    | 7.6    | 7.2    | 7.1    | N/A    |
|                         | Low Birthweight [<2,500 gms] Babies (%) .....                            | 7.7    | 8.3    | 7.9    | 7.4    | 6.8    | 6.8    | 7.0    | 7.3    | 7.6    | 7.6    | N/A    |
|                         | Life Expectancy at birth (years) .....                                   | 69.7   | 70.2   | 70.8   | 72.6   | 73.7   | 74.7   | 75.4   | 75.8   | 76.7   | N/A    | N/A    |
|                         | Cigarette Smokers (% population 18 and older) .....                      | N/A    | 41.9   | 39.2   | 36.3   | 33.0   | 29.9   | 25.3   | 24.6   | 24.0   | N/A    | N/A    |
| Learning .....          | High School Graduates (% of population 25 and older) ..                  | 44.6   | 49.0   | 55.2   | 62.5   | 68.6   | 73.9   | 77.6   | 81.7   | 82.8   | 83.4   | N/A    |
|                         | College Graduates (% of population 25 and older) .....                   | 8.4    | 9.4    | 11.0   | 13.9   | 17.0   | 19.4   | 21.3   | 23.0   | 24.4   | 25.2   | N/A    |
|                         | National Assessment of Educational Progress <sup>3</sup> :               |        |        |        |        |        |        |        |        |        |        |        |
|                         | Mathematics High School Seniors .....                                    | N/A    | N/A    | N/A    | 302    | 300    | 301    | 305    | 307    | 308    | 308    | N/A    |
|                         | Science High School Seniors .....  | N/A    | N/A    | 305    | 293    | 286    | 288    | 290    | 295    | 295    | 295    | N/A    |
| Participation .....     | Individual Charitable Giving per Capita (2000 dollars) ....              | 225    | 270    | 323    | 343    | 374    | 385    | 427    | 410    | 526    | N/A    | N/A    |
|                         | (by presidential election year) .....                                    | (1960) | (1964) | (1968) | (1972) | (1976) | (1980) | (1984) | (1988) | (1992) | (1996) | (2000) |
|                         | Voting for President (% eligible population) .....                       | 62.8   | 61.9   | 60.9   | 55.2   | 53.5   | 52.8   | 53.3   | 50.3   | 55.1   | 49.0   | 52.0   |

N/A=Not applicable.

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

ernment. Nor can any framework serve as a substitute for actual analysis. Nevertheless, the framework presented here offers a useful way to examine the financial aspects of Federal policies. Increased Federal support for investment, the promotion of national saving

through fiscal policy, and other Administration policies to enhance economic growth are expected to promote national wealth and improve the future financial condition of the Federal Government. As that occurs, the efforts will be revealed in these tables.

## TECHNICAL NOTE: SOURCES OF DATA AND METHOD OF ESTIMATING

### Federally Owned Assets and Liabilities

#### Assets:

*Financial Assets:* The source of data is the Federal Reserve Board's Flow-of-Funds Accounts.

#### Physical Assets:

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

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

*Fixed Nonreproducible Capital:* Historical estimates for 1960–1985 were based on estimates in Michael J. Boskin, Marc S. Robinson, and Alan M. Huber, "Government Saving, Capital Formation and Wealth in the

United States, 1947–1985,” published in *The Measurement of Saving, Investment, and Wealth*, edited by Robert E. Lipsey and Helen Stone Tice (The University of Chicago Press, 1989).

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

### **Liabilities:**

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

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

*Pension Liabilities:* For 1979–1999, the estimates are the actuarial accrued liabilities as reported in the annual reports for the Civil Service Retirement System, the Federal Employees Retirement System, and the Military Retirement System (adjusted for inflation). Estimates for the years before 1979 are extrapolations. The estimate for 2000 is a projection. The health insurance liability was estimated by the program actuaries for 1997–2000, and extrapolated back for earlier years.

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

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

*Demographic and Economic Projections:* For the years 2001–2011, the assumptions are identical to those used in the budget. These budget assumptions reflect the President’s policy proposals. The economic assumptions in the budget are extended by holding constant inflation, interest rates, and unemployment at the levels assumed in the final year of the budget. Population growth and labor force growth are extended using the intermediate assumptions from the 2000 Social Security Trustees’ report. The projected rate of growth for real GDP is built up from the labor force assumptions and an assumed rate of productivity growth. The assumed rate of productivity growth is held constant at the average rate of growth implied by the budget’s economic assumptions.

*Budget Projections:* For the period through 2011, the projections follow the budget. Beyond the budget horizon, receipts are projected using simple rules of thumb linking income taxes, payroll taxes, excise taxes, and other receipts to projected tax bases derived from the economic forecast. Outlays are computed in different ways. Discretionary spending is projected to grow at the rate of inflation or at the rate of growth in nominal GDP. Social Security is projected by the Social Security actuaries using these long-range assumptions. Federal pensions are derived from the most recent actuarial

forecasts available at the time the budget was prepared, repriced using Administration inflation assumptions. Medicaid outlays are based on the economic and demographic projections in the model. Other entitlement programs are projected based on rules of thumb linking program spending to elements of the economic and demographic forecast such as the poverty rate.

### **National Balance Sheet Data**

*Publicly Owned Physical Assets:* Basic sources of data for the federally owned or financed stocks of capital are the Federal investment flows described in Chapter 6. Federal grants for State and local Government capital are added, together with adjustments for inflation and depreciation in the same way as described above for direct Federal investment. Data for total State and local Government capital come from the revised capital stock data prepared by the Bureau of Economic Analysis extrapolated for 2000.

*Privately Owned Physical Assets:* Data are from the Flow-of-Funds national balance sheets and from the private net capital stock estimates prepared by the Bureau of Economic Analysis extrapolated for 2000 using investment data from the National Income and Product Accounts.

*Education Capital:* The stock of education capital is computed by valuing the cost of replacing the total years of education embodied in the U.S. population 16 years of age and older at the current cost of providing schooling.

The estimated cost includes both direct expenditures in the private and public sectors and an estimate of students’ forgone earnings, i.e., it reflects the opportunity cost of education. Estimates of students’ forgone earnings are based on the year-round, full-time earnings of 18–24 year olds with selected educational attainment levels. These year-round earnings are reduced by 25 percent because students are usually out of school three months of the year. For high school students, these adjusted earnings are further reduced by the unemployment rate for 16–17 year olds; for college students, by the unemployment rate for 20–24 year olds. Yearly earnings by age and educational attainment are from *Money Income in the United States*, series P60, published by the Bureau of the Census.

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

Data on investment in education financed from other sources come from educational institution reports on the sources of their funds, published in U.S. Depart-

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

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

Federally funded capital stock estimates were prepared using the perpetual inventory method in which annual investment flows are cumulated to arrive at a capital stock. This stock was adjusted for depreciation by assuming an annual rate of depreciation of 10 percent on the estimated stock of applied research and development. Basic research is assumed not to depreciate. Chapter 6 of this volume contains additional details on the estimates of the total federally financed R&D stock, as well as its national defense and non-

defense components (see *Budget for Fiscal Year 1993*, January 1992, Part Three, pages 39–40).

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

Experimental estimates of R&D capital stocks have recently been prepared by BEA. The results are described in "A Satellite Account for Research and Development," *Survey of Current Business*, November 1994. These BEA estimates are lower than those presented here primarily because BEA assumes that the stock of basic research depreciates, while the estimates in Table 2–4 assume that basic research does not depreciate. BEA also assumes a slightly higher rate of depreciation for applied research and development, 11 percent, compared with the 10 percent rate used here.

### Social Indicators

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



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# FEDERAL RECEIPTS AND COLLECTIONS

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### 3. FEDERAL RECEIPTS

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

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

**Growth in receipts.**—Total receipts in 2002 are estimated to be \$2,191.7 billion, an increase of \$54.8 billion or 2.6 percent relative to 2001. Receipts are projected to grow at an average annual rate of 3.6 percent be-

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

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

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

(In billions of dollars)

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

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

(In billions of dollars)

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

## ENACTED LEGISLATION

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

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

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

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

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

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

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

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

*Extend the expensing of brownfields remediation costs.*—Taxpayers can elect to treat certain environmental remediation expenditures that would otherwise be chargeable to capital accounts as deductible in the year paid or incurred. This Act extends the expensing of these costs, which was scheduled to expire with re-

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

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

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

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

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

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

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

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

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

*Installment Tax Correction Act of 2000.*—Generally, an accrual method of accounting requires a taxpayer to recognize income when all events have occurred that fix the right to its receipt and its amount can be determined with reasonable accuracy. The installment method of accounting provides an exception to these general recognition principles by allowing a taxpayer to defer recognition of income from the disposition of certain property until payment is received. This Act repeals provisions of law provided in the Ticket to Work and Work Incentives Improvement Act of 1999 that generally prohibited the use of the installment method of accounting for dispositions of property entered into on or after December 17, 1999 that would otherwise have been reported for Federal income tax purposes using an accrual method of accounting.

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

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

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

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

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

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

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

## ADMINISTRATION PROPOSALS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ADDITIONAL TAX INCENTIVES

### Strengthen and Reform Education

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

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

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

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

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

### Invest in Health Care

**Provide refundable tax credit for the purchase of health insurance.**—Current law provides a tax preference for employer-provided group health insurance plans, but not for individually purchased health insurance coverage except to the extent that deductible medical expenses exceed 7.5 percent of AGI or the individual has self-employment income. The Administration proposes to make health insurance more affordable for individuals not covered by an employer plan nor eligible for public programs. Effective for taxable years beginning after December 31, 2001, a new refundable tax credit would be provided for the cost of health insurance purchased by individuals under age 65. The credit, which would equal 90 percent of health insurance premiums, would be capped at \$750 for single policies and \$1,500 for family policies in 2002 and 2003, and \$1,000 for single policies and \$2,000 for family policies in 2004 and subsequent years. The credit would be phased out for single taxpayers with AGI between \$15,000 and \$30,000 (\$30,000 and \$60,000 for married couples filing a joint return and purchasing a family policy). The maximum credit amounts and the income phase-out thresholds would be indexed annually for inflation beginning in 2003. The Administration is looking at ways to implement the credit so it is available to potential beneficiaries when they need it. To qualify for the credit, the purchased health insurance would be required to include coverage for catastrophic medical expenses. Individuals would not be allowed to claim the credit

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

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

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

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

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

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

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

***Provide tax relief for awards under certain health education programs.***—Current law provides tax-free treatment for certain scholarship and fellowship grants used to pay qualified tuition and related expenses, but not to the extent that any grant represents compensation for services. The Administration proposes to provide that any amounts received by an individual under the National Health Service Corps Scholarship Program or the Armed Forces Health Professions Scholarship and Financial Assistance Program are "qualified scholarships" excludable from income, without regard to the recipient's future service obligation. The proposal would be effective for awards received after December 31, 2001.

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

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

#### **Strengthen Families**

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

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

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

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

### **Increase Housing Opportunities**

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

### **Encourage Saving**

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

### **Promote Trade**

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

### **Protect the Environment**

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

rent expiration date and be uncertain in overall duration.

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

### Energy Policy Proposals

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

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

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

**Modify treatment of nuclear decommissioning funds.**—Under current law, deductible contributions to nuclear decommissioning funds are limited to the amount included in the taxpayer's cost of service for ratemaking purposes. For deregulated utilities, this limitation may result in the denial of any deduction for contributions to a nuclear decommissioning fund. The Administration proposes to repeal this limitation.

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

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

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

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

**Extend the welfare-to-work tax credit.**—The welfare-to-work tax credit entitles employers to claim a tax credit for hiring certain recipients of long-term family assistance. The purpose of the credit is to expand job opportunities for persons making the transition from welfare to work. The credit is 35 percent of the first \$10,000 of eligible wages in the first year of employment and 50 percent of the first \$10,000 of eligible wages in the second year of employment. Eligible wages include cash wages plus the cash value of certain employer-paid health, dependent care, and educational fringe benefits. The minimum employment period that employees must work before employers can claim the credit is 400 hours. The Administration proposes to extend the credit for one year, to apply to individuals who begin work after December 31, 2001 and before January 1, 2003.

**Extend exclusion for employer-provided educational assistance.**—Certain amounts paid or incurred by an employer for educational assistance provided to an employee are excluded from the employee's gross income for income and payroll tax purposes. The exclusion is limited to \$5,250 of educational assistance with respect to an individual during a calendar year and applies whether or not the education is job-related. The Administration proposes to extend the exclusion, which is limited to undergraduate courses, to apply to courses beginning after December 31, 2001 and before January 1, 2003.

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

**Extend exceptions provided under subpart F for certain active financing income.**—Under the Subpart F rules, certain U.S. shareholders of a controlled foreign corporation (CFC) are subject to U.S. tax currently on certain income earned by the CFC, whether or not such income is distributed to the shareholders. The income subject to current inclusion under the subpart F rules includes, among other things, "foreign personal holding company income" and insurance income. Foreign personal holding company income generally in-

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

**Extend suspension of net income limitation on percentage depletion from marginal oil and gas wells.**—Taxpayers are allowed to recover their investment in oil and gas wells through depletion deductions. For certain properties, deductions may be determined using the percentage depletion method; however, in any year, the amount deducted generally may not exceed 100 percent of the net income from the property. For taxable years beginning after December 31, 1997 and before January 1, 2002, domestic oil and gas production from "marginal" properties is exempt from the 100-percent of net income limitation. The Administration proposes to extend the exemption to apply to taxable years beginning after December 31, 2001 and before January 1, 2003.

**Extend Generalized System of Preferences (GSP).**—Under GSP, duty-free access is provided to over 4,000 items from eligible developing countries that meet certain worker rights, intellectual property protection, and other criteria. The Administration proposes to extend this program, which is scheduled to expire after September 30, 2001, through September 30, 2002.

**Extend authority to issue Qualified Zone Academy Bonds.**—Prior law allows State and local governments to issue "qualified zone academy bonds," the interest on which is effectively paid by the Federal government in the form of an annual income tax credit. The proceeds of the bonds must be used for teacher training, purchases of equipment, curricular development, or rehabilitation and repairs at certain public school facilities. A nationwide total of \$400 million of qualified zone academy bonds was authorized to be issued in each of calendar years 1998 through 2001. In addition, unused authority arising in 1998 and 1999 may be carried forward for up to three years and unused authority arising in 2000 and 2001 may be carried forward for up to two years. The Administration proposes to authorize the issuance of an additional \$400 million of qualified zone academy bonds in calendar year 2002.

## OTHER PROVISIONS THAT AFFECT RECEIPTS

**Recover State bank supervision and regulation expenses (receipt effect).**—The Administration proposes to require the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve to recover their

respective costs for supervision and regulation of State-chartered banks and bank holding companies. The Federal Reserve currently funds the costs of such examinations from earnings; therefore, deposits of earnings by

the Federal Reserve, which are classified as governmental receipts, will increase by the amount of the recoveries.

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

(In millions of dollars)

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

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

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

Table 3-4. RECEIPTS BY SOURCE

(In millions of dollars)

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

Table 3-4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

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

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

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

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

## 4. USER FEES AND OTHER COLLECTIONS

In addition to collecting taxes and other receipts by the exercise of its sovereign powers, which is discussed in the previous chapter, the Federal Government collects income from the public from market-oriented activities and the financing of regulatory expenses. Some of these collections are classified as user fees, which include the sale of postage stamps and electricity, fees for admittance to national parks, and premiums for deposit insurance; and some are other offsetting collections or receipts, such as rents and royalties for the right to extract oil from the Outer Continental Shelf.

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

The budget refers to them as offsetting collections and offsetting receipts, because they are subtracted from gross outlays rather than added to taxes on the receipts side of the budget. The purpose of this treatment is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice, rather than through the market.<sup>1</sup>

Offsetting collections and receipts include most user fees, which are discussed below, as well as some amounts that are not user fees. Table 4–1 summarizes these transactions. For 2002, total offsetting collections and receipts from the public are estimated to be \$222.1 billion, and total user fees are estimated to be \$143.8 billion.

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

**Table 4–1. GROSS OUTLAYS, USER FEES, OTHER OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, AND NET OUTLAYS**

(In billions of dollars)

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

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

|   |       |       |       |
|---|-------|-------|-------|
| Total user fees:  |       |       |       |
| Offsetting collections and receipts from the public ..... | 129.5 | 134.0 | 142.3 |
| Receipts .....  | 1.3   | 1.4   | 1.5   |
| Total user fees .....                                     | 130.8 | 135.5 | 143.8 |

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

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

## USER FEES

### I. Introduction and Background

The Federal Government may charge user fees to those who benefit directly from a particular activity or those subject to regulation. According to the definition of user fees used in this chapter, Table 4-2 shows that user fees were \$130.8 billion in 2000, and are estimated to increase to \$135.5 billion in 2001 and to \$143.8 billion in 2002, growing to an estimated \$171.3 billion in 2006, including the user fee proposals that are shown in Table 4-3. This table shows that the Administration is proposing to increase user fees by an estimated \$0.6 billion in 2002, growing to an estimated \$1.5 billion in 2006.

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

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

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

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

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

**Alternative definitions.** The definition used in this chapter is useful because it identifies goods, services, and regulations financed by earmarked collections and receipts.<sup>2</sup> Other definitions may be used for other purposes, such as establishing policy for charging prices to the public for goods and services regardless of whether the proceeds are earmarked.

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

Other alternative definitions of user fees could, for example:

- be narrower than the one used here, by excluding regulatory fees and analyzing them as a separate category.
- be broader than the one used here, by selecting one or more of the following:
  - eliminating the requirement that fees be earmarked. The definition would then include fees that go to the general fund in addition to those that are earmarked to finance the related activity.
  - including the sale of resources as well as goods and services, such as natural resources (e.g., timber, oil, or minerals) and property, plant, and equipment.

<sup>2</sup>The definition used here is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. The definition helps differentiate between taxes, which are under the jurisdiction of the Ways and Means Committee, and fees, which can be under the jurisdiction of other committees. See the *Congressional Record*, January 3, 1991, p. H31, item 8.

—interpreting more broadly whether a program has private beneficiaries, or whether the proceeds are earmarked to benefit directly those paying the fee. A broader interpretation might include beneficiary- or liability-based excise taxes.<sup>3</sup>

**What is the purpose of user fees?** The purpose of user fees is to improve the efficiency and equity of certain Government activities, and to reduce the burden on the taxpayer to finance activities whose benefits accrue to a relatively limited number of people.

User fees that are set to cover the costs of production of goods and services can provide efficiency in the allocation of resources within the economy. They allocate goods and services to those who value them the most, and they signal to the Government how much of the goods or services it should provide. Prices in private, competitive markets serve the same purposes.

User fees for goods and services that do not have special social benefits improve equity, or fairness, by requiring that those who benefit from an activity are the same people who pay for it. The public often perceives user fees as fair because those who benefit from the good or service pay for it in whole or in part, and those who do not benefit do not pay.

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

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

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

also benefits because these areas protect the Nation's natural and historical heritage now and for posterity.

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

**What should be the amount of the fee?** For programs that have private beneficiaries, the amount of the fee should depend on the costs of producing the goods or services and the portion of the program that is for private benefits. If the benefit is primarily private, and any public benefits are incidental, current policies support fees that cover the full cost to the Government, including both direct and indirect costs.<sup>4</sup>

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

**Classification of user fees in the budget.** As shown in Table 4-1, most user fees are classified as offsets to outlays on the spending side of the budget, but a few are classified on the receipts side of the budget. An estimated \$1.5 billion in 2002 are classified this way and are included in the totals described in Chapter 3. "Federal Receipts." They are classified as receipts because they are regulatory fees collected by the Federal Government by the exercise of its sovereign powers.

The remaining user fees, an estimated \$142.3 billion in 2002, are classified as offsetting collections and receipts on the spending side of the budget. Some of these are collected by the Federal Government by the exercise of its sovereign powers and would normally appear on the receipts side of the budget, but are required by law to be classified as offsetting collections or receipts.

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

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

As a further classification, the following Tables 4-2 and 4-3 identify the fees as discretionary or mandatory. These classifications are terms from the Budget Enforcement Act of 1990 as amended and are used frequently in the analysis of the budget. "Discretionary"

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

in this chapter refers to fees generally controlled through annual appropriations acts and under the jurisdiction of the appropriations committees in the Congress. These fees offset discretionary spending under the discretionary caps. "Mandatory" refers to fees controlled by permanent laws and under the jurisdiction of the authorizing committees. These fees are subject to rules of paygo, whereby changes in law affecting mandatory programs and receipts cannot result in a net cost. Mandatory spending is sometimes referred to as direct spending.

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

## II. Current User Fees

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

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

## III. User Fee Proposals

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

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

#### 1. Offsetting collections

#### Department of Agriculture

*Animal and Plant Health Inspection Service (APHIS).*—The Administration proposes to establish fees to cover the cost of providing animal welfare inspections to recipients of APHIS services such as animal research centers, humane societies, and kennels.

*Grain Inspection, Packers and Stockyards Administration (GIPSA) licensing fees.*—The budget proposes to charge the grain industry for GIPSA's costs to review and maintain standards (such as grain quality and classification) that are used by the industry.

#### Department of Health and Human Services

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

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

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

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

#### 2. Offsetting receipts

#### Department of Housing and Urban Development

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

#### Department of Justice

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

#### Department of Transportation

*Hazardous materials transportation safety fees.*—Beginning in 2002, hazardous materials transportation safety activities previously financed by general fund appropriations to the Research and Special Programs Administration are proposed to be financed instead by an increase in hazardous materials registration fees. Appropriation legislation is proposed to increase the fees paid by shippers and carriers of hazardous materials in 2002 to fund these safety activities.

Table 4-2. TOTAL USER FEE COLLECTIONS

(In millions of dollars)

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

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

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

### Environmental Protection Agency

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

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

### Nuclear Regulatory Commission

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

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

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

(Estimated collections in millions of dollars)

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

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

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

### *1. Offsetting collections*

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

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

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

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

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

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

### *2. Offsetting receipts*

#### **Department of Agriculture**

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

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

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

#### **Corps of Engineers**

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

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

#### **Federal Communications Commission**

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

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

### OTHER OFFSETTING COLLECTIONS AND RECEIPTS

Table 4–4 shows that total offsetting collections and receipts from the public are estimated to be \$222.1 billion in 2002. Of these, an estimated \$143.7 billion are offsetting collections credited to appropriation accounts and an estimated \$78.4 billion are deposited in offsetting receipt accounts.

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

Table 4–5 includes all offsetting receipts deposited in receipt accounts. These include payments from one part of the Government to another, called intragovernmental transactions, and collections from the public. These receipts are offset (deducted) from outlays in the Federal budget. In total, offsetting receipts are estimated to be \$428.3 billion in 2002—\$349.9 billion are intragovernmental transactions, and \$78.4 billion are from the public, shown in the table as proprietary receipts and offsetting governmental receipts.

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

**Table 4-4. OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC**  
(In millions of dollars)

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

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

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

Table 4-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

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

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

## 5. TAX EXPENDITURES

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

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

Because of potential interactions among provisions, this chapter does not present a grand total for the estimated tax expenditures. Moreover, past tax changes entailing broad elimination of tax expenditures were generally accompanied by changes in tax rates or other basic provisions, so that the net effects on Federal revenues were considerably (if not totally) offset. Nevertheless, in aggregate, tax expenditures have revenue impacts of hundreds of billions of dollars, and are some of the most important ways in which the Federal Government affects economic decisions.

Tax expenditures relating to the individual and corporate income taxes are considered first in this chapter. They are estimated for fiscal years 2000–2006 using three methods of accounting: revenue loss, outlay equivalent, and present value. The present value approach provides estimates of the revenue losses for tax expenditures that involve deferrals of tax payments into the future or have similar long-term effects. Tax expenditures relating to the unified transfer tax are considered in a section at the end of the chapter.

The section of the chapter on performance measures and economic effects presents information related to assessment of the effect of tax expenditures on the achievement of program performance goals. This section is a complement to the government-wide performance plan required by the Government Performance and Results Act of 1993 (see the Budget volume, which considers the Federal Government’s spending, regulatory, and tax policies across functional areas).

### TAX EXPENDITURES IN THE INCOME TAX

#### Tax Expenditure Estimates

All tax expenditure estimates presented here are based upon tax law enacted as of December 31, 2000. Expired or repealed provisions are not listed if their revenue effects result only from taxpayer activity occurring before fiscal year 2000. Due to the time required to estimate the large number of tax expenditures, the estimates are based on mid-session economic assumptions; exceptions are the earned income tax credit and child credit provisions, which involve outlay components and hence are updated to reflect the economic assumptions used elsewhere in the budget.

The total revenue loss estimates for tax expenditures for fiscal years 2000–2006 are displayed according to the budget’s functional categories in Table 5–1. Descriptions of the specific tax expenditure provisions follow the tables of estimates and discussion of general features of the tax expenditure concept.

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

Table 5–2 reports the respective portions of the total revenue effects that arise under the individual and corporate income taxes. Listing the estimates under the individual and corporate headings does not imply that these categories of filers benefit from the special tax provisions in proportion to the respective tax expenditure amounts shown. Rather, these breakdowns show the specific tax accounts through which the various pro-

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

Table 5-3 ranks the major tax expenditures by fiscal year 2002 revenue loss. This table merges several individual entries provided in Table 5-1; for example, Table 5-3 contains one merged entry for charitable contributions instead of the three separate entries found in Table 5-1.

### **Interpreting Tax Expenditure Estimates**

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

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

Tax expenditures are interdependent even without incentive effects. Repeal of a tax expenditure provision can increase or decrease the tax revenues associated with other provisions. For example, even if behavior does not change, repeal of an itemized deduction could increase the revenue costs from other deductions because some taxpayers would be moved into higher tax brackets. Alternatively, repeal of an itemized deduction could lower the revenue cost from other deductions if taxpayers are led to claim the standard deduction instead of itemizing. Similarly, if two provisions were repealed simultaneously, the increase in tax liability could be greater or less than the sum of the two separate tax expenditures, because each is estimated assuming that the other remains in force. In addition, the estimates reported in Table 5-1 are the totals of individual and corporate income tax revenue effects reported in Table 5-2 and do not reflect any possible interactions between the individual and corporate income tax receipts. For this reason, the estimates in Table 5-1 (as well as those in Table 5-5, which are also based on summing individual and corporate estimates) should be regarded as approximations.

Revenues raised by changes to tax expenditures are sensitive to timing effects and effective dates. Changes

in some provisions would yield their full potential revenue gains relatively quickly, whereas changes to other provisions would only gradually yield their full revenue potential, because certain deductions or exemptions would likely be grandfathered.

The annual value of tax expenditures for tax deferrals is reported on a cash basis in all tables except Table 5-4. Cash-based estimates reflect the difference between taxes deferred in the current year and incoming revenues that are received due to deferrals of taxes from prior years. Although such estimates are useful as a measure of cash flows into the Government, they do not accurately reflect the true economic cost of these provisions. For example, for a provision where activity levels have changed, so that incoming tax receipts from past deferrals are greater than deferred receipts from new activity, the cash-basis tax expenditure estimate can be negative, despite the fact that in present-value terms current deferrals do have a real cost to the Government. Alternatively, in the case of a newly enacted deferral provision, a cash-based estimate can overstate the real cost to the Government because the newly deferred taxes will ultimately be received. Present-value estimates, which are a useful supplement to the cash-basis estimates for provisions involving deferrals, are discussed below.

### **Present-Value Estimates**

Discounted present-value estimates of revenue effects are presented in Table 5-4 for certain provisions that involve tax deferrals or other long-term revenue effects. These estimates complement the cash-based tax expenditure estimates presented in the other tables.

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

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

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

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

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

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

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

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

<sup>2</sup>In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

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

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

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method.

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



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

(In millions of dollars)

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

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

(In millions of dollars)

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

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

(In millions of dollars)

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

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

(In millions of dollars)

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

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

<sup>2</sup> In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

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

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

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method.

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

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

(In millions of dollars)

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

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

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

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

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

**Outlay Equivalents**

The concept of “outlay equivalents” is another theoretical measure of the budget effect of tax expenditures. It is the amount of outlay that would be required to

provide the taxpayer the same after-tax income as would be received through the tax provision. The outlay-equivalent measure allows the cost of the tax expenditure to be compared with a direct Federal outlay. Outlay equivalents are reported in Table 5-5.

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

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

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

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



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

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

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

<sup>2</sup>In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 2000 \$840; 2001 \$880; 2002 \$930; 2003 \$950; 2004 \$960; 2005 \$960; and in 2006 \$960.

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

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

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method.

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

### Tax Expenditure Baselines

A tax expenditure is an exception to the baseline provisions of the tax structure. The 1974 Congressional Budget Act did not specify the baseline provisions of the tax law. Deciding whether the provisions are exceptions, therefore, is a matter of judgement. As in prior years, this year's tax expenditure estimates are presented using two baselines: the normal tax baseline, which is used by the Joint Committee on Taxation, and the reference tax law baseline, which has been reported by the Administration since 1983.

The normal tax baseline is patterned on a comprehensive income tax, which defines income as the sum of consumption and the change in net wealth in a given period of time. The normal tax baseline allows personal exemptions, a standard deduction, and deductions of the expenses incurred in earning income. It is not limited to a particular structure of tax rates, or by a specific definition of the taxpaying unit.

The reference tax law baseline is also patterned on a comprehensive income tax, but is closer to existing law. Tax expenditures under the reference law baseline are generally tax expenditures under the normal tax baseline, but the reverse is not always true.

Both the normal and reference tax baselines allow several major departures from a pure comprehensive income tax. For example:

- Income is taxable only when it is realized in exchange. Thus, neither the deferral of tax on unrealized capital gains nor the tax exclusion of imputed income (such as the rental value of owner-occupied housing or farmers' consumption of their own produce) is regarded as a tax expenditure. Both accrued and imputed income would be taxed under a comprehensive income tax.
- There is a separate corporation income tax. Under a comprehensive income tax, corporate income would be taxed only once—at the shareholder level, whether or not distributed in the form of dividends.
- Values of assets and debt are not adjusted for inflation. A comprehensive income tax would adjust the cost basis of capital assets and debt for changes in the price level during the time the assets or debt are held. Thus, under a comprehensive income tax baseline, the failure to take account of inflation in measuring depreciation, capital gains, and interest income would be regarded as a negative tax expenditure (i.e., a tax penalty), and failure to take account of inflation in meas-

uring interest costs would be regarded as a positive tax expenditure (i.e., a tax subsidy).

Although the reference law and normal tax baselines are generally similar, areas of difference include:

- *Tax rates.* The separate schedules applying to the various taxpaying units are included in the reference law baseline. Thus, corporate tax rates below the maximum statutory rate do not give rise to a tax expenditure. The normal tax baseline is similar, except that it specifies the current maximum rate as the baseline for the corporate income tax. The lower tax rates applied to the first \$10 million of corporate income are thus regarded as a tax expenditure. Similarly, under the reference law baseline, preferential tax rates for capital gains generally do not yield a tax expenditure; only capital gains treatment of otherwise “ordinary income,” such as that from coal and iron ore royalties and the sale of timber and certain agricultural products, is considered a tax expenditure. The alternative minimum tax is treated as part of the baseline rate structure under both the reference and normal tax methods.
- *Income subject to the tax.* Income subject to tax is defined as gross income less the costs of earning that income. The Federal income tax defines gross income to include: (1) consideration received in the exchange of goods and services, including labor services or property; and (2) the taxpayer’s share of gross or net income earned and/or reported by another entity (such as a partnership). Under the reference tax rules, therefore, gross income does not include gifts—defined as receipts of money or property that are not consideration in an exchange—or most transfer payments, which can be thought of as gifts from the Government.<sup>1</sup> The normal tax baseline also excludes gifts between individuals from gross income. Under the normal tax baseline, however, all cash transfer payments from the Government to private individuals are counted in gross income, and exemptions of such transfers from tax are identified as tax expenditures. The costs of earning income are generally deductible in determining taxable income under both the reference and normal tax baselines.<sup>2</sup>
- *Capital recovery.* Under the reference tax law baseline no tax expenditures arise from accelerated depreciation. Under the normal tax baseline, the depreciation allowance for machinery and equipment is determined using straight-line depreciation over tax lives equal to mid-values of the asset depreciation range (a depreciation system in effect from 1971 through 1980). The normal

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

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

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

### **Performance Measures and the Economic Effects of Tax Expenditures**

The Government Performance and Results Act of 1993 (GPRA) directs Federal agencies to develop annual and strategic plans for their programs and activities. These plans set out performance objectives to be achieved over a specific time period. Most of these objectives will be achieved through direct expenditure programs. However, tax expenditures may also contribute to achieving these goals. The report of the Senate Governmental Affairs Committee on GPRA<sup>3</sup> calls on the Executive branch to undertake a series of analyses to assess the effect of specific tax expenditures on the achievement of agencies’ performance objectives.

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

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

<sup>2</sup> In the case of individuals who hold “passive” equity interests in businesses, however, the pro-rata shares of sales and expense deductions reportable in a year are limited. A passive business activity is defined to be one in which the holder of the interest, usually a partnership interest, does not actively perform managerial or other participatory functions. The taxpayer may generally report no larger deductions for a year than will reduce taxable income from such activities to zero. Deductions in excess of the limitation may be taken in subsequent years, or when the interest is liquidated. In addition, costs of earning income may be limited under the alternative minimum tax.

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

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

**Comparison of tax expenditure, spending, and regulatory policies.** Tax expenditures by definition work through the tax system and, particularly, the income tax. Thus, they may be relatively advantageous policy approaches when the benefit or incentive is related to income and is intended to be widely available.<sup>4</sup> Because there is an existing public administrative and private compliance structure for the tax system, the incremental administrative and compliance costs for a tax expenditure may be low in many cases. In addition, some tax expenditures actually simplify the tax system, (for example, the exclusion for up to \$500,000 of capital gains on home sales). Tax expenditures also implicitly subsidize certain activities. Spending, regulatory or tax-disincentive policies can also modify behavior, but may have different economic effects. Finally, a variety of tax expenditure tools can be used—e.g., deductions; credits; exemptions; deferrals; floors; ceilings; phase-ins; phase-outs; dependent on income, expenses, or demographic characteristics (age, number of family members, etc.). This wide range means that tax expenditures can be flexible and can have very different economic effects.

Tax expenditures also have limitations. In many cases they add to the complexity of the tax system, which raises both administrative and compliance costs. For example, targeting personal exemptions and credits can complicate filing and decisionmaking. The income tax system may have little or no contact with persons who have no or very low incomes, and does not require information on certain characteristics of individuals used in some spending programs, such as wealth. These features may reduce the effectiveness of tax expenditures for addressing certain income-transfer objectives. Tax expenditures also generally do not enable the same degree of agency discretion as an outlay program. For example, grant or direct Federal service delivery programs can prioritize which activities are addressed with what amount of resources in a way that is difficult to emulate with tax expenditures. Finally, tax expenditures may not receive the same level of scrutiny afforded to other programs.

Outlay programs, in contrast, have advantages where direct government service provision is particularly warranted—such as equipping and providing the armed forces or administering the system of justice. Outlay programs may also be specifically designed to meet the needs of low-income families who would not otherwise be subject to income taxes or need to file a return. Outlay programs may also receive more year-to-year oversight and fine tuning, through the legislative and executive budget process. In addition, many different types of spending programs—including direct govern-

ment provision; credit programs; and payments to State and local governments, the private sector, or individuals in the form of grants or contracts—provide flexibility for policy design. On the other hand, certain outlay programs—such as direct government service provision—may rely less directly on economic incentives and private-market provision than tax incentives, which may reduce the relative efficiency of spending programs for some goals. Spending programs also require resources to be raised via taxes, user charges, or government borrowing. Finally, spending programs, particularly on the discretionary side, may respond less readily to changing activity levels and economic conditions than tax expenditures.

Regulations have more direct and immediate effects than outlay and tax-expenditure programs because regulations apply directly and immediately to the regulated party (i.e., the intended actor)—generally in the private sector. Regulations can also be fine-tuned more quickly than tax expenditures, because they can generally be changed by the executive branch without legislation. Like tax expenditures, regulations often rely largely upon voluntary compliance, rather than detailed inspections and policing. As such, the public administrative costs tend to be modest, relative to the private resource costs associated with modifying activities. Historically, regulations have tended to rely on proscriptive measures, as opposed to economic incentives. This reliance can diminish their economic efficiency, although this feature can also promote full compliance where (as in certain safety-related cases) policymakers believe that trade-offs with economic considerations are not of paramount importance. Also, regulations generally do not directly affect Federal outlays or receipts. Thus, like tax expenditures, they may escape the type of scrutiny that outlay programs receive. However, most regulations are subjected to a formal benefit-cost analysis that goes well beyond the analysis required for outlays and tax-expenditures. To some extent, the GPRA requirement for performance evaluation will address this lack of formal analysis.

Some policy objectives are achieved using multiple approaches. For example, minimum wage legislation, the earned income tax credit, and the food stamp program are regulatory, tax expenditure, and direct outlay programs, respectively, all having the objective of improving the economic welfare of low-wage workers.

Tax expenditures, like spending and regulatory programs, have a variety of objectives and effects. These include: encouraging certain types of activities (e.g., saving for retirement or investing in certain sectors); increasing certain types of after-tax income (e.g., favorable tax treatment of social security income); reducing private compliance costs and government administrative costs (e.g., the exclusion for up to \$500,000 of capital gains on home sales); and promoting tax neutrality (e.g., accelerated depreciation in the presence of inflation). Some of these objectives are well suited to quantitative measurement, while others are less well suited. Also, many tax expenditures, including those cited

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

above, may have more than one objective. For example, accelerated depreciation may encourage investment. In addition, the economic effects of particular provisions can extend beyond their intended objectives (e.g., a provision intended to promote an activity or raise certain incomes may have positive or negative effects on tax neutrality).

Performance measurement is generally concerned with inputs, outputs, and outcomes. In the case of tax expenditures, the principal input is usually the tax revenue loss. Outputs are quantitative or qualitative measures of goods and services, or changes in income and investment, directly produced by these inputs. Outcomes, in turn, represent the changes in the economy, society, or environment that are the ultimate goals of programs.

Thus, for a provision that reduces taxes on certain investment activity, an increase in the amount of investment would likely be a key output. The resulting production from that investment, and, in turn, the associated improvements in national income, welfare, or security, could be the outcomes of interest. For other provisions, such as those designed to address a potential inequity or unintended consequence in the tax code, an important performance measure might be how they change effective tax rates (the discounted present-value of taxes owed on new investments or incremental earnings) or excess burden (an economic measure of the distortions caused by taxes). Effects on the incomes of members of particular groups may be an important measure for certain provisions.

***An overview of evaluation issues by budget function.*** The discussion below considers the types of measures that might be useful for some major programmatic groups of tax expenditures. The discussion is intended to be illustrative and not all encompassing. However, it is premised on the assumption that the data needed to perform the analysis are available or can be developed. In practice, data availability is likely to be a major challenge, and data constraints may limit the assessment of the effectiveness of many provisions. In addition, such assessments can raise significant challenges in economic modeling.

***National defense.***—Some tax expenditures are intended to assist governmental activities. For example, tax preferences for military benefits reflect, among other things, the view that benefits such as housing, subsistence, and moving expenses are intrinsic aspects of military service, and are provided, in part, for the benefit of the employer, the U.S. Government. Tax benefits for service in a combat zone or qualified hazardous duty area are intended to reduce tax burdens on military personnel undertaking hazardous service for the Nation. A portion of the tax expenditure associated with foreign earnings is targeted to benefit U.S. Government civilian personnel working abroad by offsetting the living costs that can be higher than those in the United States. These tax expenditures should be considered

together with direct agency budget costs in making programmatic decisions.

***International affairs.***—Tax expenditures are also aimed at goals such as promoting tax neutrality. These include the exclusion for income earned abroad by non-governmental employees and exclusions for income of U.S.-controlled foreign corporations. Measuring the effectiveness of these provisions raises challenging issues.

***General science, space and technology; energy; natural resources and the environment; agriculture; and commerce and housing.***—A series of tax expenditures reduces the cost of investment, both in specific activities—such as research and experimentation, extractive industries, and certain financial activities—and more generally, through accelerated depreciation for plant and equipment. These provisions can be evaluated along a number of dimensions. For example, it could be useful to consider the strength of the incentives by measuring their effects on the cost of capital (the interest rate which investments must yield to cover their costs) and effective tax rates. The impact of these provisions on the amounts of corresponding forms of investment (e.g., research spending, exploration activity, equipment) might also be estimated. In some cases, such as research, there is evidence that the investment can provide significant positive externalities—that is, economic benefits that are not reflected in the market transactions between private parties. It could be useful to quantify these externalities and compare them with the size of tax expenditure. Measures could also indicate the effects on production from these investments—such as numbers or values of patents, energy production and reserves, and industrial production. Issues to be considered include the extent to which the tax expenditures increase production (as opposed to benefitting existing output) and their cost-effectiveness relative to other policies. Analysis could also consider objectives that are more difficult to measure but still are ultimate goals, such as promoting the Nation's technological base, energy security, environmental quality, or economic growth. Such an assessment is likely to involve tax analysis as well as consideration of non-tax matters such as market structure, scientific, and other information (such as the effects of increased domestic fuel production on imports from various regions, or the effects of various energy sources on the environment).

Housing investment also benefits from tax expenditures, including the mortgage interest deduction and exclusion for capital gains on homes. Measures of the effectiveness of these provisions could include their effects on increasing the extent of home ownership and the quality of housing. In addition, the mortgage interest deduction offsets the taxable nature of investment income received by homeowners, so the relationship between the deduction and such earnings is also relevant to evaluation of this provision. Similarly, analysis of the extent of accumulated inflationary gains is likely to be relevant to evaluation of the capital gains for

home sales. Deductibility of State and local property taxes assists with making housing more affordable as well as easing the cost of providing community services through these taxes. Provisions intended to promote investment in rental housing could be evaluated for their effects on making such housing more available and affordable. These provisions should then be compared with alternative programs that address housing supply and demand.

**Transportation.**—Employer-provided parking is a fringe benefit that, for the most part, is excluded from taxation. The tax expenditure estimates reflect the cost of parking that is leased by employers for employees; an estimate is not currently available for the value of parking owned by employers and provided to their employees. The exclusion for employer-provided transit passes is intended to promote use of this mode of transportation, which has environmental and congestion benefits. The tax treatments of these different benefits could be compared with alternative transportation policies.

**Community and regional development.**—A series of tax expenditures is intended to promote community and regional development by reducing the costs of financing specialized infrastructure, such as airports, docks, and stadiums. Empowerment zone and enterprise community provisions are designed to promote activity in disadvantaged areas. These provisions can be compared with grants and other policies designed to spur economic development.

**Education, training, employment, and social services.**—Major provisions in this function are intended to promote post-secondary education, to offset costs of raising children, and to promote a variety of charitable activities. The education incentives can be compared with loans, grants, and other programs designed to promote higher education and training. The child credits are intended to adjust the tax system for the costs of raising children; as such, they could be compared to other Federal tax and spending policies, including related features of the tax system, such as personal exemptions (which are not defined as a tax expenditure). Evaluation of charitable activities requires consideration of the beneficiaries of these activities, who are generally not the parties receiving the tax reduction.

**Health.**—Individuals also benefit from favorable treatment of employer-provided health insurance. Measures of these benefits could include increased coverage and pooling of risks. The effects of insurance coverage on final outcome measures of actual health (e.g., infant mortality, days of work lost due to illness, or life expectancy) or intermediate outcomes (e.g., use of preventive health care or health care costs) could also be investigated.

**Income security, social security, and veterans benefits and services.**—Major tax expenditures in the income security function benefit retirement savings, through employer-provided pensions, individual retirement accounts, and Keogh plans. These provisions might be evaluated in terms of their effects on boosting retirement incomes, private savings, and national savings (which would include the effect on private savings as well as public savings or deficits). Interactions with other programs, including social security, also may merit analysis. As in the case of employer-provided health insurance, analysis of employer-provided pension programs requires imputing the benefits provided at the firm level to individuals.

Other provisions principally affect the incomes of members of certain groups, rather than affecting incentives. For example, tax-favored treatment of social security benefits, certain veterans benefits, and deductions for the blind and elderly provide increased incomes to eligible parties. The earned-income tax credit, in contrast, should be evaluated for its effects on labor force participation as well as the income it provides lower-income workers.

**General purpose fiscal assistance and interest.**—The tax-exemption for public purpose State and local bonds reduces the costs of borrowing for a variety of purposes (borrowing for non-public purposes is reflected under other budget functions). The deductibility of certain State and local taxes reflected under this function primarily relates to personal income taxes (property tax deductibility is reflected under the commerce and housing function). Tax preferences for Puerto Rico and other U.S. possessions are also included here. These provisions can be compared with other tax and spending policies as means of benefitting fiscal and economic conditions in the States, localities, and possessions. Finally, the tax deferral for interest on U.S. savings bonds benefits savers who invest in these instruments. The extent of these benefits and any effects on Federal borrowing costs could be evaluated.

The above illustrative discussion, although broad, is nevertheless incomplete, both for the provisions mentioned and the many that are not explicitly cited. Developing a framework that is sufficiently comprehensive, accurate, and flexible to reflect the objectives and effects of the wide range of tax expenditures will be a significant challenge. OMB, Treasury, and other agencies will work together, as appropriate, to address this challenge. As indicated above, over the next few years the Executive Branch's focus will be on the availability of the data needed to assess the effects of the tax expenditures designed to increase savings.

### Descriptions of Income Tax Provisions

Descriptions of the individual and corporate income tax expenditures reported upon in this chapter follow. These descriptions relate to current law and do not reflect proposals made elsewhere in the Budget.

### National Defense

1. **Benefits and allowances to armed forces personnel.**—The housing and meals provided military personnel, either in cash or in kind, as well as certain amounts of pay related to service in a combat zone or qualified hazardous duty area are excluded from income subject to tax.

### International Affairs

2. **Income earned abroad.**—U.S. citizens who lived abroad, worked in the private sector, and satisfied a foreign residency requirement in 2000 may exclude up to \$76,000 in foreign earned income from U.S. taxes. The exclusion increases to \$78,000 in 2001 and to \$80,000 in 2002. In addition, if these taxpayers receive a specific allowance for foreign housing from their employers, they may also exclude the value of that allowance. If they do not receive a specific allowance for housing expenses, they may deduct against their U.S. taxes that portion of such expenses that exceeds one-sixth the salary of a civil servant at grade GS-14, step 1 (\$65,983 in 2000).

3. **Exclusion of certain allowances for federal employees abroad.**—U.S. Federal civilian employees and Peace Corps members who work outside the continental United States are allowed to exclude from U.S. taxable income certain special allowances they receive to compensate them for the relatively high costs associated with living overseas. The allowances supplement wage income and cover expenses like rent, education, and the cost of travel to and from the United States.

4. **Income of Foreign Sales Corporations.**—The Foreign Sales Corporation (FSC) provisions exempt from tax a portion of U.S. exporters' foreign trading income to reflect the FSC's sales functions as foreign corporations. The FSC provisions were generally repealed by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000, effective for transactions after September 30, 2000.

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

6. **Sales source rule exceptions.**—The worldwide income of U.S. persons is taxable by the United States and a credit for foreign taxes paid is allowed. The amount of foreign taxes that can be credited is limited to the pre-credit U.S. tax on the foreign source income. The sales source rules for inventory property allocates earnings between the United States and abroad equal-

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

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

7. **Income of U.S.-controlled foreign corporations.**—The income of foreign corporations controlled by U.S. shareholders is not subject to U.S. taxation. The income becomes taxable only when the controlling U.S. shareholders receive dividends or other distributions from their foreign stockholding. Under the normal tax method, the currently attributable foreign source pre-tax income from such a controlling interest is considered to be subject to U.S. taxation, whether or not distributed. Thus, the normal tax method considers the amount of controlled foreign corporation income not distributed to a U.S. shareholder as tax-deferred income.

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

### General Science, Space, and Technology

9. **Expensing R&E expenditures.**—Research and experimentation (R&E) projects can be viewed as investments because, if successful, their benefits accrue for several years. It is often difficult, however, to identify whether a specific R&E project is successful and, if successful, what its expected life will be. Under the normal tax method, the expensing of R&E expenditures is viewed as a tax expenditure. The baseline assumed for the normal tax method is that all R&E expenditures are successful and have an expected life of five years.

10. **R&E credit.**—The research and experimentation (R&E) credit is 20 percent of qualified research expenditures in excess of a base amount. The base amount is generally determined by multiplying a "fixed-base percentage" by the average amount of the company's gross receipts for the prior four years. The taxpayer's fixed base percentage generally is the ratio of its research expenses to gross receipts for 1984 through 1988. Taxpayers may also elect an alternative credit regime. Under the alternative credit regime the taxpayer is assigned a three-tiered fixed-base percentage that is lower than the fixed-base percentage that would otherwise apply, and the credit rate is reduced (the rates range from 2.65 percent to 3.75 percent). A 20-percent credit with a separate threshold is provided for a taxpayer's payments to universities for basic research. The credit applies to research conducted before July 1, 2004 and extends to research conducted in Puerto Rico and the U.S. possessions.

### Energy

11. **Exploration and development costs.**—For successful investments in domestic oil and gas wells, intangible drilling costs (e.g., wages, the costs of using machinery for grading and drilling, the cost of unsalvageable materials used in constructing wells) may be expensed rather than amortized over the productive life of the property. Integrated oil companies

may deduct only 70 percent of such costs and must amortize the remaining 30 percent over five years. The same rule applies to the exploration and development costs of surface stripping and the construction of shafts and tunnels for other fuel minerals.

12. **Percentage depletion.**—Independent fuel mineral producers and royalty owners are generally allowed to take percentage depletion deductions rather than cost depletion on limited quantities of output. Under cost depletion, outlays are deducted over the productive life of the property based on the fraction of the resource extracted. Under percentage depletion, taxpayers deduct a percentage of gross income from mineral production at rates of 22 percent for uranium; 15 percent for oil, gas and oil shale; and 10 percent for coal. The deduction is limited to 50 percent of net income from the property, except for oil and gas where the deduction can be 100 percent of net property income. Production from geothermal deposits is eligible for percentage depletion at 65 percent of net income, but with no limit on output and no limitation with respect to qualified producers. Unlike depreciation or cost depletion, percentage depletion deductions can exceed the cost of the investment.

13. **Alternative fuel production credit.**—A non-taxable credit of \$3 per barrel (in 1979 dollars) of oil-equivalent production is provided for several forms of alternative fuels. The credit is generally available if the price of oil stays below \$29.50 (in 1979 dollars). The credit generally expires on December 31, 2002.

14. **Oil and gas exception to passive loss limitation.**—Owners of working interests in oil and gas properties are exempt from the “passive income” limitations. As a result, the working interest-holder, who manages on behalf of himself and all other owners the development of wells and incurs all the costs of their operation, may aggregate negative taxable income from such interests with his income from all other sources.

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

16. **Energy facility bonds.**—Interest earned on State and local bonds used to finance construction of certain energy facilities is tax-exempt. These bonds are generally subject to the State private-activity bond annual volume cap.

17. **Enhanced oil recovery credit.**—A credit is provided equal to 15 percent of the taxpayer’s costs for tertiary oil recovery on U.S. projects. Qualifying costs include tertiary injectant expenses, intangible drilling and development costs on a qualified enhanced oil recovery project, and amounts incurred for tangible depreciable property.

18. **New technology credits.**—A credit of 10 percent is available for investment in solar and geothermal energy facilities. In addition, a credit of 1.5 cents is provided per kilowatt hour of electricity produced from renewable resources such as wind, biomass, and poultry waste facilities. The renewable resources credit applies

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

19. **Alcohol fuel credits.**—An income tax credit is provided for ethanol that is derived from renewable sources and used as fuel. The credit equals 54 cents per gallon in 2000; 53 cents per gallon in 2001 and 2002; 52 cents per gallon in 2003 and 2004; and 51 cents per gallon in 2005, 2006, and 2007. To the extent that ethanol is mixed with taxable motor fuel to create gasohol, taxpayers may claim an exemption of the Federal excise tax rather than the income tax credit. In addition, small ethanol producers are eligible for a separate 10 cents per gallon credit.

20. **Credit and deduction for clean-fuel vehicles and property.**—A tax credit of 10 percent (not to exceed \$4,000) is provided for purchasers of electric vehicles. Purchasers of other clean-fuel burning vehicles and owners of clean-fuel refueling property may deduct part of their expenditures. The credit and deduction are phased out from 2002 through 2005.

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

#### Natural Resources and Environment

22. **Exploration and development costs.**—Certain capital outlays associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset.

23. **Percentage depletion.**—Most nonfuel mineral extractors may use percentage depletion rather than cost depletion, with percentage depletion rates ranging from 22 percent for sulfur to 5 percent for sand and gravel.

24. **Sewage, water, solid and hazardous waste facility bonds.**—Interest earned on State and local bonds used to finance the construction of sewage, water, or hazardous waste facilities is tax-exempt. These bonds are generally subject to the State private-activity bond annual volume cap.

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

26. **Expensing multiperiod timber growing costs.**—Most of the production costs of growing timber may be expensed rather than capitalized and deducted when the timber is sold. In most other industries, these costs are capitalized under the uniform capitalization rules.

27. **Credit and seven-year amortization for reforestation.**—A 10-percent investment tax credit is allowed for up to \$10,000 invested annually to clear land and plant trees for the production of timber. Up to \$10,000 in forestation investment may also be amortized over a seven-year period rather than capitalized and deducted when the trees are sold or harvested. The amount of forestation investment that may be amortized is not reduced by any of the allowable investment credit.

28. **Historic preservation.**—Expenditures to preserve and restore historic structures qualify for a 20-percent investment credit, but the depreciable basis must be reduced by the full amount of the credit taken.

### Agriculture

29. **Expensing certain capital outlays.**—Farmers, except for certain agricultural corporations and partnerships, are allowed to expense certain expenditures for feed and fertilizer, as well as for soil and water conservation measures. Expensing is allowed, even though these expenditures are for inventories held beyond the end of the year, or for capital improvements that would otherwise be capitalized.

30. **Expensing multiperiod livestock and crop production costs.**—The production of livestock and crops with a production period of less than two years is exempt from the uniform cost capitalization rules. Farmers establishing orchards, constructing farm facilities for their own use, or producing any goods for sale with a production period of two years or more may elect not to capitalize costs. If they do, they must apply straight-line depreciation to all depreciable property they use in farming.

31. **Loans forgiven solvent farmers.**—Farmers are forgiven the tax liability on certain forgiven debt. Normally, a debtor must include the amount of loan forgiveness as income or reduce his recoverable basis in the property to which the loan relates. If the debtor elects to reduce basis and the amount of forgiveness exceeds his basis in the property, the excess forgiveness is taxable. For insolvent (bankrupt) debtors, however, the amount of loan forgiveness reduces carryover losses, then unused credits, and then basis; any remainder of the forgiven debt is excluded from tax. Farmers with forgiven debt are considered insolvent for tax purposes, and thus qualify for income tax forgiveness.

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

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

34. **Deferral of gain on sales of farm refiners.**—A taxpayer who sells stock in a farm refiner to a farmers' cooperative can defer recognition of gain if the taxpayer reinvests the proceeds in qualified replacement property.

### Commerce and Housing

This category includes a number of tax expenditure provisions that also affect economic activity in other functional categories. For example, provisions related to investment, such as accelerated depreciation, could be classified under the energy, natural resources and environment, agriculture, or transportation categories.

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

36. **Bad debt reserves.**—Small (less than \$500 million in assets) commercial banks, mutual savings banks, and savings and loan associations may deduct additions to bad debt reserves in excess of actually experienced losses.

37. **Deferral of income on life insurance and annuity contracts.**—Favorable tax treatment is provided for investment income within qualified life insurance and annuity contracts. Investment income earned on qualified life insurance contracts held until death is permanently exempt from income tax. Investment income distributed prior to the death of the insured is tax-deferred, if not tax-exempt. Investment income earned on annuities is treated less favorably than income earned on life insurance contracts, but it benefits from tax deferral without annual contribution or income limits generally applicable to other tax-favored retirement income plans.

38. **Small property and casualty insurance companies.**—Insurance companies that have annual net premium incomes of less than \$350,000 are exempt from tax; those with \$350,000 to \$2.1 million of net premium incomes may elect to pay tax only on the income earned by their investment portfolio.

39. **Insurance companies owned by exempt organizations.**—Generally, the income generated by life and property and casualty insurance companies is subject to tax, albeit by special rules. Insurance operations conducted by such exempt organizations as fraternal societies and voluntary employee benefit associations, however, are exempt from tax.

40. **Small life insurance company deduction.**—Small life insurance companies (gross assets of less than \$500 million) can deduct 60 percent of the first \$3 million of otherwise taxable income. The deduction phases out for otherwise taxable income between \$3 million and \$15 million.

41. **Mortgage housing bonds.**—Interest earned on State and local bonds used to finance homes purchased by first-time, low-to-moderate-income buyers is tax-exempt. The amount of State and local tax-exempt bonds that can be issued to finance these and other private activity is limited. The combined volume cap for private activity bonds, including mortgage housing bonds, rental housing bonds, student loan bonds, and industrial development bonds, is \$50 per capita (\$150 million minimum) per State in 2000, \$62.50 per capita (\$187.5 million minimum) in 2001, and \$75 per capita (\$225 million minimum) in 2002. The Community Renewal Tax Relief Act of 2000 accelerated the scheduled increase in the state volume cap and indexed the cap for inflation, beginning in 2003. States may issue mortgage credit certificates (MCCs) in lieu of mortgage revenue bonds. MCCs entitle homebuyers to income tax credits for a specified percentage of interest on qualified mortgages. The total amount of MCCs issued by a State cannot exceed 25 percent of its annual ceiling for mortgage-revenue bonds.

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

tifamily rental housing projects is tax-exempt. At least 20 percent (15 percent in targeted areas) of the units must be reserved for families whose income does not exceed 50 percent of the area's median income; or 40 percent for families with incomes of no more than 60 percent of the area median income. Other tax-exempt bonds for multifamily rental projects are generally issued with the requirement that all tenants must be low or moderate income families. Rental housing bonds are subject to the volume cap discussed in the mortgage housing bond section above.

43. **Interest on owner-occupied homes.**—Owner-occupants of homes may deduct mortgage interest on their primary and secondary residences as itemized nonbusiness deductions. The mortgage interest deduction is limited to interest on debt no greater than the owner's basis in the residence and, for debt incurred after October 13, 1987, it is limited to no more than \$1 million. Interest on up to \$100,000 of other debt secured by a lien on a principal or second residence is also deductible, irrespective of the purpose of borrowing, provided the debt does not exceed the fair market value of the residence. Mortgage interest deductions on personal residences are tax expenditures because the taxpayers are not required to report the value of owner-occupied housing services as gross income.

44. **Taxes on owner-occupied homes.**—Owner-occupants of homes may deduct property taxes on their primary and secondary residences even though they are not required to report the value of owner-occupied housing services as gross income.

45. **Installment sales.**—Dealers in real and personal property (i.e., sellers who regularly hold property for sale or resale) cannot defer taxable income from installment sales until the receipt of the loan repayment. Nondealers (i.e., sellers of real property used in their business) are required to pay interest on deferred taxes attributable to their total installment obligations in excess of \$5 million. Only properties with sales prices exceeding \$150,000 are includable in the total. The payment of a market rate of interest eliminates the benefit of the tax deferral. The tax exemption for nondealers with total installment obligations of less than \$5 million is, therefore, a tax expenditure.

46. **Capital gains exclusion on home sales.**—A homeowner can exclude from tax up to \$500,000 (\$250,000 for singles) of the capital gains from the sale of a principal residence. The exclusion may not be used more than once every two years.

47. **Passive loss real estate exemption.**—In general, passive losses may not offset income from other sources. Losses up to \$25,000 attributable to certain rental real estate activity, however, are exempt from this rule.

48. **Low-income housing credit.**—Taxpayers who invest in certain low-income housing are eligible for a tax credit. The credit rate is set so that the present value of the credit is equal to 70 percent for new construction and 30 percent for (1) housing receiving other Federal benefits (such as tax-exempt bond financing),

or (2) substantially rehabilitated existing housing. The credit is allowed in equal amounts over 10 years. State agencies determine who receives the credit; States are limited in the amount of credit they may authorize annually to \$1.25 per resident in 2000. The Community Renewal Tax Relief Act of 2000 increased the per-resident limit to \$1.50 in 2001 and to \$1.75 in 2002 and indexed the limit for inflation, beginning in 2003. The Act also created a \$2 million minimum annual cap for small States beginning in 2002; the cap is indexed for inflation, beginning in 2003.

49. **Accelerated depreciation of rental property.**—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under the reference method. Under the normal tax method, however, a 40-year tax life for depreciable real property is the norm. Thus, a statutory depreciation period for rental property of 27.5 years is a tax expenditure. In addition, tax expenditures arise from pre-1987 tax allowances for rental property.

50. **Cancellation of indebtedness.**—Individuals are not required to report the cancellation of certain indebtedness as current income. If the canceled debt is not reported as current income, however, the basis of the underlying property must be reduced by the amount canceled.

51. **Imputed interest rules.**—Holders (issuers) of debt instruments are generally required to report interest earned (paid) in the period it accrues, not when paid. In addition, the amount of interest accrued is determined by the actual price paid, not by the stated principal and interest stipulated in the instrument. In general, any debt associated with the sale of property worth less than \$250,000 is excepted from the general interest accounting rules. This general \$250,000 exception is not a tax expenditure under reference law but is under normal law. Exceptions above \$250,000 are a tax expenditure under reference law; these exceptions include the following: (1) sales of personal residences worth more than \$250,000, and (2) sales of farms and small businesses worth between \$250,000 and \$1 million.

52. **Capital gains (other than agriculture, timber, iron ore, and coal).**—Capital gains on assets held for more than 1 year are taxed at a lower rate than ordinary income. The lower rate on capital gains is considered a tax expenditure under the normal tax method but not under the reference law method.

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

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

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

**53. Capital gains exclusion for small business stock.**—An exclusion of 50 percent is provided for capital gains from qualified small business stock held by individuals for more than 5 years. A qualified small business is a corporation whose gross assets do not exceed \$50 million as of the date of issuance of the stock.

**54. Step-up in basis of capital gains at death.**—Capital gains on assets held at the owner's death are not subject to capital gains taxes. The cost basis of the appreciated assets is adjusted upward to the market value at the owner's date of death. The step-up in the heir's cost basis means that, in effect, the tax on the capital gain is forgiven.

**55. Carryover basis of capital gains on gifts.**—When a gift is made, the donor's basis in the transferred property (the cost that was incurred when the transferred property was first acquired) carries-over to the donee. The carryover of the donor's basis allows a continued deferral of unrealized capital gains.

**56. Ordinary income treatment of losses from sale of small business corporate stock shares.**—Up to \$100,000 in losses from the sale of small business corporate stock (capitalization less than \$1 million) may be treated as ordinary losses. Such losses would, thus, not be subject to the \$3,000 annual capital loss write-off limit.

**57. Accelerated depreciation of non-rental-housing buildings.**—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under reference law. Under normal law, however, a 40-year life for non-rental-housing buildings is the norm. Thus, the 39-year depreciation period for property placed in service after February 25, 1993, the 31.5-year depreciation period for property placed in service from 1987 to February 25, 1993, and the pre-1987 depreciation periods create a tax expenditure.

**58. Accelerated depreciation of machinery and equipment.**—The tax depreciation allowance provisions are part of the reference law rules, and thus do not give rise to tax expenditures under reference law. Statutory depreciation of machinery and equipment, however, is accelerated somewhat relative to the normal tax baseline, creating a tax expenditure.

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

**60. Business start-up costs.**—When taxpayers enter into a new business, certain start-up expenses, such as the cost of legal services, are normally incurred.

Taxpayers may elect to amortize these outlays over 60 months even though they are similar to other payments made for nondepreciable intangible assets that are not recoverable until the business is sold. The normal tax method treats this amortization as a tax expenditure; the reference tax method does not.

**61. Graduated corporation income tax rate schedule.**—The corporate income tax schedule is graduated, with rates of 15 percent on the first \$50,000 of taxable income, 25 percent on the next \$25,000, and 34 percent on the next \$9.925 million. Compared with a flat 34-percent rate, the lower rates provide an \$11,750 reduction in tax liability for corporations with taxable income of \$75,000. This benefit is recaptured for corporations with taxable incomes exceeding \$100,000 by a 5-percent additional tax on corporate incomes in excess of \$100,000 but less than \$335,000.

The corporate tax rate is 35 percent on income over \$10 million. Compared with a flat 35-percent tax rate, the 34-percent rate provides a \$100,000 reduction in tax liability for corporations with taxable incomes of \$10 million. This benefit is recaptured for corporations with taxable incomes exceeding \$15 million by a 3-percent additional tax on income over \$15 million but less than \$18.33 million. Because the corporate rate schedule is part of reference tax law, it is not considered a tax expenditure under the reference method. A flat corporation income tax rate is taken as the baseline under the normal tax method; therefore the lower rates is considered a tax expenditure under this concept.

**62. Small issue industrial development bonds.**—Interest earned on small issue industrial development bonds (IDBs) issued by State and local governments to finance manufacturing facilities is tax-exempt. Depreciable property financed with small issue IDBs must be depreciated, however, using the straight-line method. The annual volume of small issue IDBs is subject to the unified volume cap discussed in the mortgage housing bond section above.

### Transportation

**63. Deferral of tax on U.S. shipping companies.**—Certain companies that operate U.S. flag vessels can defer income taxes on that portion of their income used for shipping purposes, primarily construction, modernization and major repairs to ships, and repayment of loans to finance these investments. Once indefinite, the deferral has been limited to 25 years since January 1, 1987.

**64. Exclusion of employee parking expenses.**—Employee parking expenses that are paid for by the employer or that are received in lieu of wages are excludable from the income of the employee. In 2000, the maximum amount of the parking exclusion is \$175 (indexed) per month. The tax expenditure estimate does not include parking at facilities owned by the employer.

**65. Exclusion of employee transit pass expenses.**—Transit passes, tokens, fare cards, and van-pool expenses paid for by an employer or provided in

lieu of wages to defray an employee's commuting costs are excludable from the employee's income. In 2000, the maximum amount of the exclusion is \$65 (indexed) per month. In 2002, the maximum amount of the exclusion increases to \$100 (indexed) per month.

### Community and Regional Development

66. **Rehabilitation of structures.**—A 10-percent investment tax credit is available for the rehabilitation of buildings that are used for business or productive activities and that were erected before 1936 for other than residential purposes. The taxpayer's recoverable basis must be reduced by the amount of the credit.

67. **Airport, dock, and similar facility bonds.**—Interest earned on State and local bonds issued to finance high-speed rail facilities and government-owned airports, docks, wharves, and sport and convention facilities is tax-exempt. These bonds are not subject to a volume cap.

68. **Exemption of income of mutuals and cooperatives.**—The incomes of mutual and cooperative telephone and electric companies are exempt from tax if at least 85 percent of their revenues are derived from patron service charges.

69. **Empowerment zones, enterprise communities, and renewal communities.**—Qualifying businesses in designated economically depressed areas can receive tax benefits such as an employer wage credit, increased expensing of investment in equipment, special tax-exempt financing, accelerated depreciation, and certain capital gains incentives. In addition, certain first-time buyers of a principal residence in the District of Columbia can receive a tax credit on homes purchased on or before December 31, 2003, and investors in certain D.C. property can receive a capital gains break. The Community Renewal Tax Relief Act of 2000 created the renewal communities tax benefits, which begin on January 1, 2002 and expire on December 31, 2009. The Act also created additional empowerment zones, increased the tax benefits for empowerment zones, and extended the expiration date of (1) empowerment zones from December 31, 2004 to December 31, 2009, and (2) the D.C. homebuyer credit from December 31, 2001 to December 31, 2003.

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

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

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

72. **Scholarship and fellowship income.**—Scholarships and fellowships are excluded from taxable income to the extent they pay for tuition and course-related expenses of the grantee. Similarly, tuition reductions for employees of educational institutions and their families are not included in taxable income. From an economic point of view, scholarships and fellowships are either gifts not conditioned on the performance of services, or they are rebates of educational costs. Thus, under the reference law method, this exclusion is not a tax expenditure because this method does not include either gifts or price reductions in a taxpayer's gross income. The exclusion, however, is considered a tax expenditure under the normal tax method, which includes gift-like transfers of government funds in gross income (many scholarships are derived directly or indirectly from government funding).

73. **HOPE tax credit.**—The non-refundable HOPE tax credit allows a credit for 100 percent of an eligible student's first \$1,000 of tuition and fees and 50 percent of the next \$1,000 of tuition and fees. The credit only covers tuition and fees paid during the first two years of a student's post-secondary education. The credit is phased out ratably for taxpayers with modified AGI between \$80,000 and \$100,000 (\$40,000 and \$50,000 for singles).

74. **Lifetime Learning tax credit.**—The non-refundable Lifetime Learning tax credit allows a credit for 20 percent of an eligible student's tuition and fees. For tuition and fees paid before January 1, 2003, the maximum credit per return is \$1,000. For tuition and fees paid after December 31, 2002, the maximum credit per return is \$2,000. The credit is phased out ratably for taxpayers with modified AGI between \$80,000 and \$100,000 (\$40,000 and \$50,000 for singles). The credit applies to both undergraduate and graduate students.

75. **Education Individual Retirement Accounts.**—Contributions to an education IRA are not tax-deductible. Investment income earned by education IRAs is not taxed when earned, and investment income from an education IRA is tax-exempt when withdrawn to pay for a student's tuition and fees. The maximum contribution to an education IRA is \$500 per year per beneficiary. The maximum contribution is phased down ratably for taxpayers with modified AGI between \$150,000 and \$160,000 (\$95,000 and \$110,000 for sin-

gles). Contributions may not be made to an education IRA in any year in which a contribution has been made to a State tuition plan for the same beneficiary.

76. **Student-loan interest.**—In 2000, taxpayers may claim an above-the-line deduction of up to \$2,000 on interest paid on an education loan. The maximum deduction increases to \$2,500 in 2001. Interest may only be deducted for the first five years in which interest payments are required. The maximum deduction is phased down ratably for taxpayers with modified AGI between \$60,000 and \$75,000 (\$40,000 and \$55,000 for singles).

77. **State prepaid tuition plans.**—Some States have adopted prepaid tuition plans and prepaid room and board plans, which allow persons to pay in advance for college expenses for designated beneficiaries. Taxes on the earnings from these plans are paid by the beneficiaries and are deferred until the tuition is actually paid.

78. **Student-loan bonds.**—Interest earned on State and local bonds issued to finance student loans is tax-exempt. The volume of all such private activity bonds that each State may issue annually is limited.

79. **Bonds for private nonprofit educational institutions.**—Interest earned on State and local government bonds issued to finance the construction of facilities used by private nonprofit educational institutions is not taxed.

80. **Credit for holders of zone academy bonds.**—Financial institutions that own zone academy bonds receive a non-refundable tax credit (at a rate set by the Treasury Department) rather than interest. The credit is included in gross income. Proceeds from zone academy bonds may only be used to renovate, but not construct, qualifying schools and for certain other school purposes. The total amount of zone academy bonds that may be issued is limited to \$1.6 billion—\$400 million in each year from 1998 to 2001.

81. **U.S. savings bonds for education.**—Interest earned on U.S. savings bonds issued after December 31, 1989 is tax-exempt if the bonds are transferred to an educational institution to pay for educational expenses. The tax exemption is phased out for taxpayers with AGI between \$81,100 and \$111,100 (\$54,100 and \$69,100 for singles) in 2000.

82. **Dependent students age 19 or older.**—Taxpayers may claim personal exemptions for dependent children age 19 or over who (1) receive parental support payments of \$1,000 or more per year, (2) are full-time students, and (3) do not claim a personal exemption on their own tax returns.

83. **Charitable contributions to educational institutions.**—Taxpayers may deduct contributions to nonprofit educational institutions. Taxpayers who donate capital assets to educational institutions can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable

contributions generally may not exceed 10 percent of pre-tax income.

84. **Employer-provided educational assistance.**—Employer-provided educational assistance is excluded from an employee's gross income even though the employer's costs for this assistance are a deductible business expense. This exclusion applies only to non-graduate courses beginning on or before December 31, 2001.

85. **Work opportunity tax credit.**—Employers can claim a tax credit for qualified wages paid to individuals who begin work on or before December 31, 2001 and who are certified as members of various targeted groups. The amount of the credit that can be claimed is 25 percent for employment of less than 400 hours and 40 percent for employment of 400 hours or more. The maximum credit per employee is \$2,400 and can only be claimed on the first year of wages an individual earns from an employer. Employers must reduce their deduction for wages paid by the amount of the credit claimed.

86. **Welfare-to-work tax credit.**—An employer is eligible for a tax credit on the first \$20,000 of eligible wages paid to qualified long-term family assistance recipients during the first two years of employment. The credit is 35 percent of the first \$10,000 of wages in the first year of employment and 50 percent of the first \$10,000 of wages in the second year of employment. The maximum credit is \$8,500 per employee. The credit applies to wages paid to employees who are hired on or before December 31, 2001.

87. **Employer-provided child care.**—Employer-provided child care is excluded from an employee's gross income even though the employer's costs for the child care are a deductible business expense.

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

89. **Adoption credit and exclusion.**—Taxpayers can receive a nonrefundable tax credit for qualified adoption expenses. The maximum credit is \$5,000 per child (\$6,000 for special needs adoptions). The credit is phased-out ratably for taxpayers with modified AGI between \$75,000 and \$115,000. Unused credits may be carried forward and used during the five subsequent years. Taxpayers may also exclude qualified adoption expenses from income, subject to the same maximum amounts and phase-out as the credit. The same expenses cannot qualify for tax benefits under both programs; however, a taxpayer may use the benefits of the exclusion and the tax credit for different expenses. Stepchild adoptions are not eligible for either benefit. Both of the current tax benefits expire at the end of 2001, except for the tax credit for expenses associated with special needs adoptions, which is permanent.

90. **Employer-provided meals and lodging.**—Employer-provided meals and lodging are excluded from

an employee's gross income even though the employer's costs for these items are a deductible business expense.

91. **Child credit.**—Taxpayers with children under age 17 can qualify for a \$500 child credit. The credit is phased out for taxpayers at the rate of \$50 per \$1,000 of modified AGI above \$110,000 (\$75,000 for singles). The child credit is refundable for taxpayers with three or more children.

92. **Child and dependent care expenses.**—Married couples with child and dependent care expenses may claim a tax credit when one spouse works full time and the other works at least part time or goes to school. The credit may also be claimed by single parents and by divorced or separated parents who have custody of children. Expenditures up to a maximum \$2,400 for one dependent and \$4,800 for two or more dependents are eligible for the credit. The credit is equal to 30 percent of qualified expenditures for taxpayers with incomes of \$10,000 or less. The credit is reduced to a minimum of 20 percent by one percentage point for each \$2,000 of income between \$10,000 and \$28,000.

93. **Disabled access expenditure credit.**—Small businesses (less than \$1 million in gross receipts or fewer than 31 full-time employees) can claim a 50-percent credit for expenditures in excess of \$250 to remove access barriers for disabled persons. The credit is limited to \$5,000.

94. **Charitable contributions, other than education and health.**—Taxpayers may deduct contributions to charitable, religious, and certain other nonprofit organizations. Taxpayers who donate capital assets to charitable organizations can deduct the assets' current value without being taxed on any appreciation in value. An individual's total charitable contribution generally may not exceed 50 percent of adjusted gross income; a corporation's total charitable contributions generally may not exceed 10 percent of pre-tax income.

95. **Foster care payments.**—Foster parents provide a home and care for children who are wards of the State, under contract with the State. Compensation received for this service is excluded from the gross incomes of foster parents; the expenses they incur are nondeductible.

96. **Parsonage allowances.**—The value of a minister's housing allowance and the rental value of parsonages are not included in a minister's taxable income.

### Health

97. **Employer-paid medical insurance and expenses.**—Employer-paid health insurance premiums and other medical expenses (including long-term care) are deducted as a business expense by employers, but they are not included in employee gross income. The self-employed also may deduct part of their family health insurance premiums.

98. **Self-employed medical insurance premiums.**—Self-employed taxpayers may deduct a percentage of their family health insurance premiums. Taxpayers without self-employment income are not eligible for the special percentage deduction. The deduct-

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

99. **Workers compensation insurance premiums.**—Workers compensation insurance premiums are paid by employers and deducted as a business expense, but the premiums are not included in employee gross income.

100. **Medical savings accounts.**—Some employees may deduct annual contributions to a medical savings account (MSA); employer contributions to MSAs (except those made through cafeteria plans) for qualified employees are also excluded from income. An employee may contribute to an MSA in a given year only if the employer does not contribute to the MSA in that year. MSAs are only available to self-employed individuals or employees covered under an employer-sponsored high deductible health plan of a small employer. The maximum annual MSA contribution is 75 percent of the deductible under the high deductible plan for family coverage (65 percent for individual coverage). Earnings from MSAs are excluded from taxable income. Distributions from an MSA for medical expenses are not taxable. The number of taxpayers who may benefit annually from MSAs is generally limited to 750,000. No new MSAs may be established after December 31, 2002. The Community Renewal Tax Relief Act of 2000 extended the expiration date from December 31, 2000 to December 31, 2002.

101. **Medical care expenses.**—Personal expenditures for medical care (including the costs of prescription drugs) exceeding 7.5 percent of the taxpayer's adjusted gross income are deductible.

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

103. **Charitable contributions to health institutions.**—Individuals and corporations may deduct contributions to nonprofit health institutions. Tax expenditures resulting from the deductibility of contributions to other charitable institutions are listed under the education, training, employment, and social services function.

104. **Orphan drugs.**—Drug firms can claim a tax credit of 50 percent of the costs for clinical testing required by the Food and Drug Administration for drugs that treat rare physical conditions or rare diseases.

105. **Blue Cross and Blue Shield.**—Blue Cross and Blue Shield health insurance providers in existence on August 16, 1986 and certain other nonprofit health insurers are provided exceptions from otherwise applicable insurance company income tax accounting rules that substantially reduce (or even eliminate) their tax liabilities.

### Income Security

106. **Railroad retirement benefits.**—Railroad retirement benefits are not generally subject to the income tax unless the recipient's gross income reaches

a certain threshold. The threshold is discussed more fully under the social security function.

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

108. **Public assistance benefits.**—Public assistance benefits are excluded from tax. The normal tax method considers cash transfers from the government as taxable and, thus, treats the exclusion for public assistance benefits as a tax expenditure.

109. **Special benefits for disabled coal miners.**—Disability payments to former coal miners out of the Black Lung Trust Fund, although income to the recipient, are not subject to the income tax.

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

111. **Employer-provided pension contributions and earnings.**—Certain employer contributions to pension plans are excluded from an employee's gross income even though the employer can deduct the contributions. In addition, the tax on the investment income earned by the pension plans is deferred until the money is withdrawn.

112. **401(k) plans and Individual Retirement Accounts.**—Individual taxpayers can take advantage of several different tax-preferenced retirement plans: deductible IRAs, non-deductible IRAs, Roth IRAs, and 401(k) plans (and 401(k)-type plans like 403(b) plans and the federal government's Thrift Savings Plan).

In 2000, an employee could exclude up to \$10,500 (indexed) of wages from AGI under a qualified arrangement with an employer's 401(k). In 2000, employees can annually contribute to a deductible IRA up to \$2,000 (or 100 percent of compensation, if less) or \$4,000 on a joint return with only one working spouse if: (a) neither the individual nor spouse is an active participant in an employer-provided retirement plan, or (b) their AGI is below \$52,000 (\$32,000 for singles). The AGI limit increases annually until it reaches \$80,000 in 2007 (\$50,000 in 2005 for singles). In 2000, the IRA deduction is phased out for taxpayers with AGI between \$52,000 and \$62,000 (\$32,000 and \$42,000 for singles). The phase-out range increases annually until it reaches \$80,000 to \$100,000 in 2007 (\$50,000 to \$60,000 in 2005 for singles). Taxpayers whose AGI is above the start of the IRA phase-out range or who are active participants in an employer-provided retirement plan can contribute to a non-deductible IRA. The tax on the investment income earned by 401(k) plans, non-deductible IRAs, and deductible IRAs is deferred until the money is withdrawn.

An employed taxpayer can make a non-deductible contribution of up to \$2,000 (a non-employed spouse can also contribute up to \$2,000 if a joint return is filed) to a Roth IRA. Investment income of a Roth IRA is not taxed when earned. Withdrawals from a Roth IRA are tax free if (1) the Roth IRA was opened at

least 5 years before the withdrawal, and (2) the taxpayer either (a) is at least 59½, (b) dies, (c) is disabled, or (d) purchases a first-time house. The maximum contribution to a Roth IRA is phased out for taxpayers with AGI between \$150,000 and \$160,000 (\$95,000 and \$110,000 for singles). Total annual contributions to a taxpayer's deductible, non-deductible, and Roth IRAs cannot exceed \$2,000 (\$4,000 for joints).

113. **Keogh plans.**—Self-employed individuals can make deductible contributions to their own retirement (Keogh) plans equal to 25 percent of their income, up to a maximum of \$30,000 per year. In addition, the tax on the investment income earned by Keogh plans is deferred until the money is withdrawn.

114. **Employer-provided life insurance benefits.**—Employer-provided life insurance benefits are excluded from an employee's gross income even though the employer's costs for the insurance are a deductible business expense.

115. **Employer-provided accident and disability benefits.**—Employer-provided accident and disability benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

116. **Employer-provided supplementary unemployment benefits.**—Employer-provided supplementary unemployment benefits are excluded from an employee's gross income even though the employer's costs for the benefits are a deductible business expense.

117. **Employer Stock Ownership Plan (ESOP) provisions.**—ESOPs are a special type of tax-exempt employee benefit plan. Employer-paid contributions (the value of stock issued to the ESOP) are deductible by the employer as part of employee compensation costs. They are not included in the employees' gross income for tax purposes, however, until they are paid out as benefits. The following special income tax provisions for ESOPs are intended to increase ownership of corporations by their employees: (1) annual employer contributions are subject to less restrictive limitations; (2) ESOPs may borrow to purchase employer stock, guaranteed by their agreement with the employer that the debt will be serviced by his payment (deductible by him) of a portion of wages (excludable by the employees) to service the loan; (3) employees who sell appreciated company stock to the ESOP may defer any taxes due until they withdraw benefits; and (4) dividends paid to ESOP-held stock are deductible by the employer.

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

119. **Additional deduction for the elderly.**—Taxpayers who are 65 years or older may take an additional \$1,000 standard deduction if single, or \$800 if married.

120. **Tax credit for the elderly and disabled.**—Individuals who are 65 years of age or older, or who are permanently disabled, can take a tax credit equal to 15 percent of the sum of their earned and retirement

income. Income is limited to no more than \$5,000 for single individuals or married couples filing a joint return where only one spouse is 65 years of age or older, and up to \$7,500 for joint returns where both spouses are 65 years of age or older. These limits are reduced by one-half of the taxpayer's adjusted gross income over \$7,500 for single individuals and \$10,000 for married couples filing a joint return.

121. **Casualty losses.**—Neither the purchase of property nor insurance premiums to protect its value are deductible as costs of earning income; therefore, reimbursement for insured loss of such property is not reportable as a part of gross income. Taxpayers, however, may deduct uninsured casualty and theft losses of more than \$100 each, but only to the extent that total losses during the year exceed 10 percent of AGI.

122. **Earned income tax credit (EITC).**—The EITC may be claimed by low income workers. For a family with one qualifying child, the credit is 34 percent of the first \$6,920 of earned income in 2000. The credit is 40 percent of the first \$9,720 of income for a family with two or more qualifying children. When the taxpayer's income exceeds \$12,690, the credit is phased out at the rate of 15.98 percent (21.06 percent if two or more qualifying children are present). It is completely phased out at \$27,413 of modified adjusted gross income (\$31,152 if two or more qualifying children are present).

The credit may also be claimed by workers who do not have children living with them. Qualifying workers must be at least age 25 and may not be claimed as a dependent on another taxpayer's return. The credit is not available to workers age 65 or older. In 2000, the credit is 7.65 percent of the first \$4,610 of earned income. When the taxpayer's income exceeds \$5,770, the credit is phased out at the rate of 7.65 percent. It is completely phased out at \$10,380 of modified adjusted gross income.

For workers with or without children, the income level at which the credit's phase-outs begin and the maximum amounts of income on which the credit can be taken are adjusted for inflation. Earned income tax credits in excess of tax liabilities owed through the individual income tax system are refundable to individuals. This portion of the credit is shown as an outlay, while the amount that offsets tax liabilities is shown as a tax expenditure.

### Social Security

123. **Social Security benefits for retired workers.**—Social security benefits that exceed the beneficiary's contributions out of taxed income are deferred employee compensation and the deferral of tax on that compensation is a tax expenditure. These additional retirement benefits are paid for partly by employers' contributions that were not included in employees' taxable compensation. Portions (reaching as much as 85 percent) of recipients' social security and tier 1 railroad retirement benefits are included in the income tax base, however, if the recipient's provisional income exceeds

certain base amounts. Provisional income is equal to adjusted gross income plus foreign or U.S. possession income and tax-exempt interest, and one half of social security and tier 1 railroad retirement benefits. The tax expenditure is limited to the portion of the benefits received by taxpayers who are below the base amounts at which 85 percent of the benefits are taxable.

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

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

### Veterans Benefits and Services

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

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

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

129. **Tax-exempt mortgage bonds for veterans.**—Interest earned on general obligation bonds issued by State and local governments to finance housing for veterans is excluded from taxable income. The issuance of such bonds is limited, however, to five pre-existing State programs and to amounts based upon previous volume levels for the period January 1, 1979 to June 22, 1984. Furthermore, future issues are limited to veterans who served on active duty before 1977.

### General Government

130. **Public purpose State and local bonds.**—Interest earned on State and local government bonds issued to finance public-purpose construction (e.g., schools, roads, sewers), equipment acquisition, and other public purposes is tax-exempt. Interest on bonds issued by Indian tribal governments for essential governmental purposes is also tax-exempt.

131. **Deductibility of certain nonbusiness State and local taxes.**—Taxpayers may deduct State and local income taxes and property taxes even though these taxes primarily pay for services that, if purchased directly by taxpayers, would not be deductible.

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

### Interest

133. **U.S. savings bonds.**—Taxpayers may defer paying tax on interest earned on U.S. savings bonds until the bonds are redeemed.

## TAX EXPENDITURES IN THE UNIFIED TRANSFER TAX

Exceptions to the general terms of the Federal unified transfer tax favor particular transferees or dispositions of transferors, similar to Federal direct expenditure or loan programs. The transfer tax provisions identified as tax expenditures satisfy the reference law criteria for inclusion in the tax expenditure budget that were described above. There is no generally accepted normal tax baseline for transfer taxes.

### Unified Transfer Tax Reference Rules

The reference tax rules for the unified transfer tax from which departures represent tax expenditures include:

- *Definition of the taxpaying unit.* The payment of the tax is the liability of the transferor whether the transfer of cash or property was made by gift or bequest.
- *Definition of the tax base.* The base for the tax is the transferor's cumulative, taxable lifetime gifts made plus the net estate at death. Gifts in the tax base are all annual transfers in excess of \$10,000 (indexed) to any donee except the donor's spouse. Excluded are, however, payments on behalf of family members' educational and medical expenses, as well as the cost of ceremonial gatherings and celebrations that are not in honor of the donor.
- *Property valuation.* In general, property is valued at its fair market value at the time it is transferred. This is not necessarily the case in the valuation of property for transfer tax purposes. Executors of estates are provided the option to value assets at the time of the testator's death or up to six months later.
- *Tax rate schedule.* A single graduated tax rate schedule applies to all taxable transfers. This is reflected in the name of the "unified transfer tax" that has replaced the former separate gift and estate taxes. The tax rates vary from 18 percent on the first \$10,000 of aggregate taxable transfers, to 55 percent on amounts exceeding \$3 million. A lifetime credit is provided against the tax in determining the final amount of transfer taxes that are due and payable. For decedents dying in 2000, this credit allows each taxpayer to make a \$675,000 tax-free transfer of assets that otherwise would be liable to the unified transfer tax. This figure is scheduled to increase in steps to \$1 million in 2006.<sup>6</sup>
- *Time when tax is due and payable.* Donors are required to pay the tax annually as gifts are made. The generation-skipping transfer tax is payable by the donees whenever they accede to the gift. The net estate tax liability is due and payable

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

### Tax Expenditures by Function

The estimates of tax expenditures in the Federal unified transfer tax for fiscal years 2000–2006 are displayed by functional category in Table 5–6. Outlay equivalent estimates are similar to revenue loss estimates for transfer tax expenditures and, therefore, are not shown separately. A description of the provisions follows.

#### Natural Resources and Environment

1. *Donations of conservation easements.*—Bequests of property and easements (in perpetuity) for conservation purposes can be excluded from taxable estates. Use of the property and easements must be restricted to at least one of the following purposes: outdoor recreation or scenic enjoyment for the general public; protection of the natural habitats of fish, wildlife, plants, etc.; and preservation of historic land areas and structures. Conservation gifts are similarly excluded from the gift tax. Up to 40 percent of the value of land subject to certain conservation easements may be excluded from taxable estates; the maximum amount of the exclusion is \$300,000 in 2000 and increases to \$400,000 in 2001 and to \$500,000 in 2002.

#### Agriculture

2. *Special-use valuation of farms.*—In 2000, up to \$750,000 (indexed) in farmland owned and operated by a decedent and/or a member of the family may be valued for estate tax purposes on the basis of its "continued use" as farmland if: (1) the value of the farmland is at least 25 percent of the gross estate; (2) the entire value of all farm property is at least 50 percent of the gross estate; and (3) family heirs to the farm agree to continue to operate the property as a farm for at least 10 years.

3. *Tax deferral of closely held farms.*—The tax on a decedent's farm can be deferred for up to 14 years if the value of the farm is at least 35 percent of the gross estate. For the first 4 years of deferral, no tax need be paid. During the last 10 years of deferral, the tax liability must be paid in equal annual installments. Throughout the 14-year period, interest is charged. A 2-percent interest rate (non-deductible) is applied to the first \$1 million (indexed) of deferred taxable value.

#### Commerce and Housing

4. *Special-use valuation of closely-held businesses.*—The special-use valuation rule available for family farms is also available for nonfarm family businesses. To be eligible for the special-use valuation, the

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

same three conditions previously described must be met.

5. ***Tax deferral of closely-held businesses.***—The tax-deferral rule available for family farms is also available for nonfarm family businesses. To be eligible for the tax deferral, the value of stock in closely-held corporations must exceed 35 percent of the decedent's gross estate, less debt and funeral expenses.

6. ***Exclusion for family-owned businesses.***—Certain family-owned businesses that are bequeathed to qualified heirs can be excluded from taxable estates. The exclusion cannot exceed \$675,000. The combined value of the exclusion and the exemption value of the unified credit cannot exceed \$1.3 million. The exclusion is recaptured if certain conditions are not maintained for 10 years.

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

7. ***Charitable contributions to educational institutions.***—Bequests to educational institutions can be deducted under the estate tax.

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

### **Health**

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

### **General Government**

10. ***State and local death taxes.***—A credit against the Federal estate tax is allowed for State taxes on bequests. The amount of this credit is determined by a rate schedule that reaches a maximum of 16 percent of the taxable estate in excess of \$60,000.

**Table 5-6. ESTIMATES FOR TAX EXPENDITURES IN THE FEDERAL UNIFIED TRANSFER TAX**

(In millions of dollars)

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



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## SPECIAL ANALYSES AND PRESENTATIONS

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## 6. FEDERAL INVESTMENT SPENDING AND CAPITAL BUDGETING

Investment spending is spending that yields long-term benefits. Its purpose may be to improve the efficiency of internal Federal agency operations or to increase the Nation's overall stock of capital for economic growth. The spending can be direct Federal spending or grants to State and local governments. It can be for physical capital, which yields a stream of services over a period of years, or for research and development or education and training, which are intangible but also increase income in the future or provide other long-term benefits.

Most presentations in the Federal budget combine investment spending with spending for current use. This chapter focuses solely on Federal and federally financed investment. These investments are discussed in the following sections:

- a description of the size and composition of Federal investment spending;
- a discussion of capital assets used to provide Federal services, and efforts to improve planning and budgeting for these assets. An Appendix to Part II presents the "Principles of Budgeting for Capital Asset Acquisitions," which are being used to

guide the analysis of Executive Branch requests for spending for capital assets;

- a presentation of trends in the stock of federally financed physical capital, research and development, and education;
- alternative capital budget and capital expenditure presentations; and
- projections of Federal physical capital outlays and recent assessments of public civilian capital needs, as required by the Federal Capital Investment Program Information Act of 1984.

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

### Part I: DESCRIPTION OF FEDERAL INVESTMENT

For more than fifty years, the Federal budget has included a chapter on Federal investment—defined as those outlays that yield long-term benefits—separately from outlays for current use. Again this year the discussion of the composition of investment includes estimates of budget authority as well as outlays and extends these estimates four years beyond the budget year, to 2006.

The classification of spending between investment and current outlays is a matter of judgment. The budget has historically employed a relatively broad classification, including physical investment, research, development, education, and training. The budget further classifies investments into those that are grants to State and local governments, such as grants for highways or for elementary and secondary education, and all other investments, called "direct Federal programs," in this analysis. This "direct Federal" category consists primarily of spending for assets owned by the Federal Government, such as defense weapons systems and general purpose office buildings, but also includes grants to private organizations and individuals for investment, such as capital grants to Amtrak or higher education loans directly to individuals.

Presentations for particular purposes could adopt different definitions of investment:

- To suit the purposes of a traditional balance sheet, investment might include only those physical assets owned by the Federal Government, excluding capital financed through grants and intangible assets such as research and education.
- Focusing on the role of investment in improving national productivity and enhancing economic growth would exclude items such as national defense assets, the direct benefits of which enhance national security rather than economic growth.
- Concern with the efficiency of Federal operations would confine the coverage to investments that reduce costs or improve the effectiveness of internal Federal agency operations, such as computer systems.
- A "social investment" perspective might broaden the coverage of investment beyond what is included in this chapter to encompass programs such as childhood immunization, maternal health, certain nutrition programs, and substance abuse treatment, which are designed in part to prevent more costly health problems in future years.

The relatively broad definition of investment used in this section provides consistency over time—historical figures on investment outlays back to 1940 can be found in the separate *Historical Tables* volume. The

detailed tables at the end of this section allow disaggregation of the data to focus on those investment outlays that best suit a particular purpose.

In addition to this basic issue of definition, there are two technical problems in the classification of investment data, involving the treatment of grants to State and local governments and the classification of spending that could be shown in more than one category.

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

Second, some spending could be classified in more than one category of investment. For example, outlays for construction of research facilities finance the acqui-

sition of physical assets, but they also contribute to research and development. To avoid double counting, the outlays are classified in the category that is most commonly recognized as investment. Consequently outlays for the conduct of research and development do not include outlays for research facilities, because these outlays are included in the category for physical investment. Similarly, physical investment and research and development related to education and training are included in the categories of physical assets and the conduct of research and development.

When direct loans and loan guarantees are used to fund investment, the subsidy value is included as investment. The subsidies are classified according to their program purpose, such as construction, education and training, or non-investment outlays. For more information about the treatment of Federal credit programs, refer to Chapter 25, "Budget System and Concepts and Glossary."

This section presents spending for gross investment, without adjusting for depreciation. A subsequent section discusses depreciation, shows investment both gross and net of depreciation, and displays net capital stocks.

### Composition of Federal Investment Outlays

#### *Major Federal Investment*

The composition of major Federal investment outlays is summarized in Table 6-1. They include major public physical investment, the conduct of research and development, and the conduct of education and training. Defense and nondefense investment outlays were \$253.6 billion in 2000. They are estimated to increase to \$270.8 billion in 2001 and, subject to the Defense Strategic Review mentioned in the introduction to this chapter, are projected to increase further to \$298.5 billion in 2002. Major Federal investment outlays will comprise an estimated 15.2 percent of total Federal outlays in 2002 and 2.7 percent of the Nation's gross domestic product (GDP). Greater detail on Federal investment is available in Tables 6-2 and 6-3 at the end of this Part. Those tables include both budget authority and outlays.

*Physical investment.*—Outlays for major public physical capital investment (hereafter referred to as physical investment outlays) are estimated to be \$145.7 billion in 2002. Physical investment outlays are for construction and rehabilitation, the purchase of major equipment, and the purchase or sale of land and structures. More than three-fifths of these outlays are for direct physical investment by the Federal Government, with the remaining being grants to State and local governments for physical investment.

Direct physical investment outlays by the Federal Government are primarily for national defense. Defense outlays for physical investment were \$56.1 billion in 2000 and are estimated to increase to \$58.1 billion in 2001 and \$62.3 billion in 2002. Almost all of these outlays, or an estimated \$57.1 billion in 2002, are for

the procurement of weapons and other defense equipment, and the remainder is primarily for construction on military bases, family housing for military personnel, and Department of Energy defense facilities.

Outlays for direct physical investment for nondefense purposes are estimated to be \$27.1 billion in 2002. These outlays include \$16.3 billion for construction and rehabilitation. This amount includes funds for water, power, and natural resources projects of the Corps of Engineers, the Bureau of Reclamation within the Department of the Interior, the Tennessee Valley Authority, and the power administrations in the Department of Energy; construction and rehabilitation of veterans hospitals and Postal Service facilities; facilities for space and science programs, and Indian Health Service hospitals and clinics. Outlays for the acquisition of major equipment are estimated to be \$10.3 billion in 2002. The largest amounts are for the air traffic control system. For the purchase or sale of land and structures, disbursements are estimated to exceed collections by \$0.4 billion in 2002. These purchases are largely for buildings and land for parks and other recreation purposes.

Grants to State and local governments for physical investment are estimated to be \$56.3 billion in 2002. Almost two-thirds of these outlays, or \$37.4 billion, are to assist States and localities with transportation infrastructure, primarily highways. Other major grants for physical investment fund sewage treatment plants, community development, and public housing.

*Conduct of research and development.*—Outlays for the conduct of research and development are estimated

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

(In billions of dollars)

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

to be \$87.2 billion in 2002. These outlays are devoted to increasing basic scientific knowledge and promoting research and development. They increase the Nation's security, improve the productivity of capital and labor for both public and private purposes, and enhance the quality of life. More than half of these outlays, an estimated \$46.8 billion in 2002, are for national defense. Physical investment for research and development facilities and equipment is included in the physical investment category.

Nondefense outlays for the conduct of research and development are estimated to be \$40.4 billion in 2002. This is largely for the space programs, the National Science Foundation, the National Institutes of Health, and research for nuclear and non-nuclear energy programs.

*Conduct of education and training.*—Outlays for the conduct of education and training are estimated to be \$65.6 billion in 2002. These outlays add to the stock of human capital by developing a more skilled and productive labor force. Grants to State and local governments for this category are estimated to be \$39.4 billion in 2002, three-fifths of the total. They include education

programs for the disadvantaged and the handicapped, vocational and adult education programs, training programs in the Department of Labor, and Head Start. Direct Federal education and training outlays are estimated to be \$26.2 billion in 2002. Programs in this category are primarily aid for higher education through student financial assistance, loan subsidies, the veterans GI bill, and health training programs.

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

#### **Miscellaneous Physical Investment Outlays**

In addition to the categories of major Federal investment, several miscellaneous categories of investment outlays are shown at the bottom of Table 6-1. These items, all for physical investment, are generally unrelated to improving Government operations or enhancing economic activity.

Outlays for commodity inventories are for the purchase or sale of agricultural products pursuant to farm price support programs and the purchase and sale of other commodities such as oil and gas. Sales are estimated to exceed purchases by \$0.4 billion in 2002.

Outlays for other miscellaneous physical investment are estimated to be \$3.6 billion in 2002. This category includes primarily conservation programs. These are entirely direct Federal outlays.

#### **Detailed Tables on Investment Spending**

This section provides data on budget authority as well as outlays for major Federal investment. These

estimates extend four years beyond the budget year to 2006. Table 6–2 displays budget authority (BA) and outlays (O) by major programs according to defense and nondefense categories. The greatest level of detail appears in Table 6–3, which shows budget authority and outlays divided according to grants to State and local governments and direct Federal spending. Miscellaneous investment is not included in these tables because it is generally unrelated to improving Government operations or enhancing economic activity.

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

(in millions of dollars)

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

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

(in millions of dollars)

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

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

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

(in millions of dollars)

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

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

(in millions of dollars)

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

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

(in millions of dollars)

| Description   | 2000<br>Actual | Estimate |        |        |        |        |         |
|---|----------------|----------|--------|--------|--------|--------|---------|
|   |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006    |
| Other .....   | O              | 584      | 664    | 656    | 656    | 656    | 656     |
|   | BA             | 1,000    | 1,239  | 1,408  | 1,400  | 1,434  | 1,466   |
|   | O              | 968      | 995    | 1,259  | 1,368  | 1,422  | 1,493   |
| Subtotal, acquisition of major equipment .....          | BA             | 63,599   | 72,535 | 70,416 | 72,699 | 74,669 | 76,306  |
|   | O              | 60,431   | 62,666 | 67,568 | 67,886 | 70,672 | 74,733  |
| Purchase or sale of land and structures:                |                |          |        |        |        |        |         |
| National defense .....                                  | BA             | -45      | -20    | -19    | -41    | -41    | -42     |
|   | O              | -45      | -20    | -19    | -40    | -41    | -42     |
| International affairs .....                             | BA             | 15       | 28     | 1      |        |        |         |
|   | O              | 55       | 90     | 2      | 2      | 2      | 2       |
| Privatization of Elk Hills .....                        | BA             |          |        |        | -323   |        |         |
|   | O              |          |        |        | -323   |        |         |
| Other .....   | BA             | 648      | 657    | 245    | 586    | 576    | 574     |
|   | O              | 726      | 657    | 375    | 772    | 836    | 983     |
| Subtotal, purchase or sale of land and structures ..... | BA             | 618      | 665    | 227    | 222    | 535    | 532     |
|   | O              | 736      | 727    | 358    | 411    | 797    | 943     |
| Subtotal, major public physical investment .....        | BA             | 84,161   | 94,710 | 92,903 | 95,876 | 98,318 | 103,001 |
|   | O              | 81,498   | 84,760 | 89,386 | 90,371 | 94,467 | 99,401  |
| Conduct of research and development:                    |                |          |        |        |        |        |         |
| National defense  |                |          |        |        |        |        |         |
| Defense military .....                                  | BA             | 39,567   | 41,391 | 45,144 | 46,554 | 47,847 | 49,185  |
|   | O              | 38,279   | 38,504 | 43,706 | 43,907 | 45,496 | 47,471  |
| Atomic energy and other .....                           | BA             | 2,759    | 3,093  | 3,145  | 3,215  | 3,286  | 3,359   |
|   | O              | 2,771    | 3,092  | 3,144  | 3,238  | 3,307  | 3,453   |
| Subtotal, national defense .....                        | BA             | 42,326   | 44,484 | 48,289 | 49,769 | 51,133 | 52,544  |
|   | O              | 41,050   | 41,596 | 46,850 | 47,145 | 48,803 | 50,850  |
| International affairs .....                             | BA             | 200      | 216    | 206    | 211    | 215    | 221     |
|   | O              | 179      | 183    | 183    | 185    | 185    | 186     |
| General science, space and technology                   |                |          |        |        |        |        |         |
| NASA .....  | BA             | 5,513    | 6,232  | 6,320  | 7,178  | 7,820  | 8,183   |
|   | O              | 5,411    | 5,724  | 6,298  | 6,673  | 7,449  | 7,917   |
| National Science Foundation .....                       | BA             | 2,747    | 3,057  | 3,033  | 3,100  | 3,149  | 3,220   |
|   | O              | 2,446    | 2,644  | 2,928  | 3,044  | 3,202  | 3,222   |
| Department of Energy .....                              | BA             | 2,253    | 2,377  | 2,323  | 2,375  | 2,427  | 2,482   |
|   | O              | 2,246    | 2,378  | 2,323  | 2,355  | 2,401  | 2,454   |
| Subtotal, general science, space and technology .....   | BA             | 10,713   | 11,882 | 11,882 | 12,864 | 13,611 | 14,106  |
|   | O              | 10,282   | 10,929 | 11,732 | 12,257 | 13,237 | 13,779  |
| Energy .....  | BA             | 1,066    | 1,429  | 1,174  | 1,180  | 1,359  | 1,405   |
|   | O              | 1,265    | 1,401  | 1,195  | 1,264  | 1,307  | 1,383   |
| Transportation:   |                |          |        |        |        |        |         |
| Department of Transportation .....                      | BA             | 404      | 517    | 571    | 550    | 562    | 574     |
|   | O              | 348      | 423    | 535    | 566    | 555    | 570     |
| NASA .....  | BA             | 999      | 926    | 890    | 831    | 852    | 836     |
|   | O              | 958      | 901    | 879    | 963    | 839    | 845     |
| Subtotal, transportation .....                          | BA             | 2,469    | 2,872  | 2,635  | 2,561  | 2,773  | 2,815   |
|   | O              | 2,571    | 2,725  | 2,609  | 2,793  | 2,701  | 2,798   |
| Health:   |                |          |        |        |        |        |         |
| National Institutes of Health .....                     | BA             | 16,916   | 19,483 | 21,993 | 25,909 | 26,391 | 26,979  |
|   | O              | 14,568   | 16,941 | 19,619 | 22,488 | 25,155 | 26,203  |
| All other health .....                                  | BA             | 765      | 818    | 726    | 742    | 757    | 793     |
|   | O              | 639      | 768    | 809    | 769    | 765    | 788     |
| Subtotal, health .....                                  | BA             | 17,681   | 20,301 | 22,719 | 26,651 | 27,148 | 27,755  |
|   | O              | 15,207   | 17,709 | 20,428 | 23,257 | 25,920 | 26,979  |
| Agriculture .....                                       | BA             | 1,160    | 1,265  | 1,171  | 1,263  | 1,219  | 1,243   |
|   | O              | 1,063    | 1,189  | 1,210  | 1,287  | 1,283  | 1,309   |

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

(in millions of dollars)

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

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

## Part II: PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

The previous section discussed Federal investment broadly defined. The focus of this section is much narrower—the review of planning and budgeting during the past year and the resultant budget proposals for capital assets owned by the Federal Government and used to deliver Federal services. Capital assets consist of Federal buildings, information technology, and other facilities and major equipment, including weapons systems, federally owned infrastructure, and space satellites.<sup>1</sup> With proposed major agency restructuring, organizational streamlining, and other reforms, good planning may suggest reduced spending for some assets, such as office buildings, and increased spending for others, such as information technology, to increase the productivity of a smaller workforce.

In recent years the Executive Branch and the Congress have reviewed the Federal Government's performance in planning, budgeting, risk management, and the acquisition of capital assets. The reviews indicate that the performance is uneven across the Government; the problems have many causes, and as a result, there is no single solution. However, in meeting the objective of improving the Government's performance, it is essential that the caliber of Government planning and budgeting for capital assets be improved.

### Improving Planning, Budgeting, and Acquisition of Capital Assets

#### *Risk Management*

Recent Executive Branch reviews have found a recurring theme in many capital asset acquisitions—that risk management should become more central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may have contributed to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. Failure to adopt capital asset requirements that are within the capabilities of the market and budget limitations may also have contributed to these problems. For each major project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems. The proposals in this budget, together with recent legislation enacted by Congress, are designed to help the Government manage better its portfolio of capital assets.

#### *Long-Term Planning and Analysis*

Planning and managing capital assets, especially better management of risk, has historically been a low priority for some agencies. Attention focuses on coming-year appropriations, and justifications are often limited to lists of desired projects. The increased use of long-

range planning linked to performance goals required by the Government Performance and Results Act would provide a better basis for justifications. It would increase foresight and improve the odds for cost-effective investments.

A need for better risk management, integrated life-cycle planning, and operation of capital assets at many agencies was evident in the Executive Branch reviews. Research equipment was acquired with inadequate funding for its operation. New medical facilities sometimes were built without funds for maintenance and operation. New information technology sometimes was acquired without planning for associated changes in agency operations.

*Congressional concern.* The Congress has expressed its concern about planning for capital assets with legislation and other actions that complemented Executive Branch efforts to ensure better performance:

- The Government Performance and Results Act of 1993 (GPRA) is designed to help ensure that program objectives are more clearly defined and resources are focused on meeting these objectives.
- The Federal Acquisition Streamlining Act of 1994 (FASA), Title V, requires agencies to improve the management of large acquisitions. Title V requires agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets. As a result of improved planning efforts, agencies are required to establish cost, schedule, and performance goals that have a high probability of successful achievement. For projects that are not achieving 90 percent of original goals, agencies are required to discuss corrective actions taken or planned to bring the project within goals. If they cannot be brought within goals, agencies should identify how and why the goals should be revised, whether the project is still cost beneficial and justified for continued funding, or whether the project should be canceled.
- The Clinger-Cohen Act of 1996 is designed to ensure that information technology acquisitions support agency missions developed pursuant to GPRA. The Clinger-Cohen Act also requires a performance-based planning, budgeting, and management approach to the acquisition of capital assets.
- The General Accounting Office published a study, *Budget Issues: Budgeting for Federal Capital* (November 1996), written in response to a congressional request, which recommended that the Office of Management and Budget (OMB) continue its focus on capital assets.

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

<sup>1</sup>This is almost the same as the definition in Part I of this chapter for spending for direct Federal construction and rehabilitation, major equipment, and purchase of land, except that capital assets excludes grants to private groups for these purposes (e.g., grants to universities for research equipment and grants to AMTRAK). A more complete definition can be found in the glossary to the "Principles of Budgeting for Capital Asset Acquisitions," which is at the end of this Part.

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

Part 3 requests agencies to approach planning for capital assets in the context of strategic plans to carry out their missions, and to consider alternative methods of meeting their goals. Systematic analysis of the full life-cycle expected costs and benefits is required, along with risk analysis and assessment of alternative means of acquiring assets. This guidance encourages the Executive Branch agencies to be responsible for using good capital programming principles for managing the capital assets they use, and asks the agencies to work throughout the coming year to improve agency practices in risk management, planning, budgeting, acquisition, and operation of these assets.

In support of this, in July 1997 OMB issued a *Capital Programming Guide*, a Supplement to Part 3. This Guide was developed by an interagency task force with representation from 14 executive agencies and the General Accounting Office. The Guide’s purpose is to provide professionals in the Federal Government a basic reference on capital assets management principles to assist them in planning, budgeting, acquiring, and managing the asset once in use. The Guide emphasizes risk management and the importance of analyzing capital assets as a portfolio. In addition, this budget reissues the “Principles of Budgeting for Capital Asset Acquisitions,” which appear at the end of this Part. These principles offer guidelines to agencies to help carry out better planning, analysis, risk management, and budgeting for capital asset acquisitions.

The *Report of the President’s Commission to Study Capital Budgeting* (February 1999) proposed a series of recommendations to improve each part of the budget process; setting priorities, making current budget decisions, reporting on these decisions, and subsequently evaluating them. The Commission’s broadest and most fundamental conclusion was that insufficient attention is paid to the long-run consequences of all budget decisions. The report included two recommendations to facilitate the setting of priorities among all programs, not just those involving capital expenditures. The first recommended integration of the planning under the Government Performance and Results Act (GPRA) with budgeting in the form of annually revised five-year plans, and greater emphasis by decision-makers in the

Executive Branch and Congress on the longer-run implications of current year decisions. The second recommended an ongoing effort within the Federal government to analyze the benefits and costs of all major government programs as a guide to future policies. The report also recommended evaluating the benefits and costs of major investment projects undertaken in the past.

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

*Full funding of capital assets.*—Good budgeting requires that appropriations for the full costs of asset acquisition be provided up front to help ensure that all costs and benefits are fully taken into account when decisions are made about providing resources. Full funding was endorsed by the General Accounting Office in its report, *Budgeting for Federal Capital* (November 1996) and also in its more recent letter to the Chairman of the Senate Budget Committee, entitled “Budget Issues: Incremental Funding of Capital Asset Acquisitions (February 26, 2001).” Full funding was also endorsed in the *Report of the President’s Commission to Study Capital Budgeting* (February 1999).

The full funding principle is followed for most Department of Defense procurement and construction programs and for General Services Administration buildings. In other areas, however, too often it is not. When it is not followed and capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor risk management, weak planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, and inadequate funding to maintain and operate the assets. Full funding is also an important element in managing large acquisitions effectively and holding management responsible for achieving goals.

*Other budgeting issues.*—Other budgeting decisions can also aid in acquiring capital assets. Availability of funds for one year often may not be enough time to complete the acquisition process. Most agencies request that funds be available for more than one year to complete acquisitions efficiently, and Part 3 encourages this. As noted, many agencies aggregate asset acquisition in budget accounts to avoid lumpiness. In some cases, these are revolving funds that “rent” the assets to the agency’s programs.

To promote better program performance, agencies are also being encouraged by OMB to examine their budget account structures to align them better with program outputs and outcomes and to charge the appropriate account with significant costs used to achieve these results. The asset acquisition rental accounts, mentioned above, would contribute to this. Budgeting this way would provide information and incentives for better resource allocation among programs and a continual search for better ways to deliver services. It would also provide incentives for efficient capital asset acquisition and management.

<sup>2</sup>Other guidance published by OMB with participation by other agencies includes: (1) OMB Circular No. A-109, “Major System Acquisitions,” which establishes policies for planning major systems that are generally applicable to capital asset acquisitions. (2) OMB Circular No. A-94, “Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs,” which provides guidance on benefit-cost, cost-effectiveness, and lease-purchase analysis to be used by agencies in evaluating Federal activities including capital asset acquisition. It includes guidelines on the discount rate to use in evaluating future benefits and costs, the measurement of benefits and costs, the treatment of uncertainty, and other issues. This guidance must be followed in all analyses in support of legislative and budget programs. (3) Executive Order No. 12893, “Principles for Federal Infrastructure Investments,” which provides principles for the systematic economic analysis of infrastructure investments and their management. (4) OMB Bulletin No. 94-16, Guidance on Executive Order No. 12893, “Principles for Federal Infrastructure Investments,” which provides guidance for implementing this order and appends the order itself. (5) the revision of OMB Circular A-130, “Management of Federal Information Resources” (November 20, 2000), which provides principles for internal management and planning practices for information systems and technology; and (6) OMB Circular No. A-127, “Financial Management Systems,” which prescribes policies and standards for executive departments and agencies to follow in developing, evaluating, and reporting on financial management systems.

### Acquisition of Capital Assets

Improved planning, budgeting, and acquisition strategies are necessary to increase the ability of agencies to acquire capital assets within, or close to, the original estimates of cost, schedule, and performance used to justify project budgets and to maintain budget discipline. The Executive Branch efforts, along with enactment of FASA (Title V) and the Clinger-Cohen Act, require agencies to institute a performance-based planning, budgeting, and management approach to the acquisition of capital assets.

Part 3 incorporates OMB memorandum 97-02, "Funding Information Systems Investments" (October 25, 1996), which was issued to establish clear and concise decision criteria regarding investments in major information technology investments. These policy documents establish the general presumption that OMB will recommend new or continued funding only for those major investments in assets that comply with good capital programming principles.

At the Appendix to this Part are the "Principles of Budgeting for Capital Asset Acquisitions," which incorporate the above criteria and expand coverage to all capital investments.

As a result of these initiatives, capital asset acquisitions are to have baseline cost, schedule, and performance goals for future tracking purposes or they are to be either reevaluated and changed or canceled if no longer cost beneficial.

### Outlook

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

### Major Acquisition Proposals

For the definition of major capital assets described above, this budget requests \$90.7 billion of budget authority for 2002. This includes \$65.3 billion for the Department of Defense, subject to the Defense Strategy Review mentioned in the introduction to this chapter, and \$25.4 billion for other agencies. The major requests are shown in Table 6-4: "Capital Asset Acquisitions," which distributes the funds according to the categories for construction and rehabilitation, major equipment, and purchases of land and structures.

### Construction and Rehabilitation

This budget includes \$20.8 billion of budget authority for 2002 for construction and rehabilitation.

*Department of Defense.*—The budget projects \$5.3 billion for 2002 for general construction on military bases and family housing. This funding will be used to:

- support the fielding of new systems;
- enhance operational readiness, including deployment and support of military forces;
- provide housing for military personnel and their families; and

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

(Budget authority in billions of dollars)

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

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

- correct safety deficiencies and environmental problems.

*Corps of Engineers.*—This budget requests \$2.7 billion for 2002 for construction and rehabilitation for the Corps of Engineers. These funds finance construction, rehabilitation, and related activity for water resources development projects that provide navigation, flood control, environmental restoration, and other benefits.

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

*General Services Administration (GSA).*—The 2002 budget includes \$1.5 billion in budget authority for GSA for the construction or major renovation of buildings. These funds will allow for new construction and the acquisition of courthouses, border stations, and general purpose office space in locations where long-term needs show that ownership is preferable to leasing.

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

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

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

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

### **Major Equipment**

This category covers capital purchases for major equipment, including weapons systems; information technology, such as computer hardware, major software, and renovations required for this equipment; and other types of equipment. This budget requests \$69.7 billion in budget authority for 2002 for the purchase of major equipment. For information on information technology investments, see Chapter 22 in this volume, "Program Performance Benefits from Major Information Technology Investments."

*Department of Defense.*—The budget includes \$60.0 billion for equipment purchases primarily related to procurement for 2002 of weapons systems, related support equipment, and purchase of other capital goods. This includes tactical fighter aircraft, airlift aircraft, naval vessels, tanks, helicopters, missiles, and vehicles.

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

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

mation technology systems for the Internal Revenue Service.

*National Aeronautics and Space Administration (NASA).*—The budget requests \$0.8 billion in budget authority to procure major equipment for programs in human space flight, science, aeronautics, and technology. Most of the equipment is to be acquired for Space Shuttle upgrades, such as orbiter improvements, Space Shuttle main engines, solid rocket booster improvements, and launch site equipment.

*Department of Commerce.*—The budget requests \$0.8 billion for the Department of Commerce, largely for the continued acquisition of more sophisticated and advanced weather satellites and related technology.

*Department of Veterans Affairs.*—This budget requests \$0.6 billion for medical equipment for health care facilities. These funds will be used to continue to provide quality health care services for veterans.

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

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

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

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

### **Introduction and Summary**

The Executive Branch plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. A Glossary describes key terms. A *Capital Programming Guide* has been published that provides detailed information on planning and acquisition of capital assets.

The principles are organized in the following four sections:

A. *Planning.* This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at

acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

B. *Costs and Benefits.* This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system or similar system.

C. *Principles of Financing.* This section stresses that useful segments are to be fully funded with regular or advance appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.

D. *Risk Management.* This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of appor-

tionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government. In addition cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system or a similar system; and if progress toward these goals is not met there is a formal review process to evaluate whether the acquisition should continue or be terminated.

A Glossary defines key terms, including capital assets. As defined here, capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government, including weapon systems. Not included are grants to States or others for their acquisition of capital assets.

### A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. support core/priority mission functions that need to be performed by the Federal Government;
2. be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;
3. support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;
4. demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the project's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
5. for information technology investments, be consistent with Federal, agency, and bureau information architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals; reflect the agency's technology vision and compliance plan for this budget year; and specify standards that enable information exchange and resource sharing, while retaining flexibility in the choice of suppliers and in the design of local work processes;
6. reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project

from the program officials who will use the system;

7. be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and
8. employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

Prototypes require the same justification as other capital assets.

As a general presumption, new or continued funding will be recommended only for those capital asset investments that satisfy good capital programming policies. Funding for those projects will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time. (For more information, see the Glossary entry, "capital project and useful segments of a capital project.")

Because good information on capital planning is essential to long-term success, the Executive Branch will use this information both in preparing its budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

### B. Costs and Benefits

The justification of the project should evaluate and discuss the extent to which the project meets the above criteria and should also include:

1. an analysis of the project's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A-94: "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs" (October 1992);
2. an analysis of the risk of the project including how risks will be isolated, minimized, monitored, and controlled, and, for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed goals;
3. if, after the planning phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified—that is, it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and

4. show cost, schedule, and performance goals for the project (or the useful segment being proposed) that can be measured throughout the acquisition process using an earned value management system or similar system. Earned value is described in OMB Circular A-11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets," (July 2000).

### C. Principles of Financing

#### **Principle 1: Full Funding**

*Budget authority sufficient to complete a useful segment of a capital project (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project) may be incurred.*

*Explanation:* Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project, and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

#### **Principle 2: Regular and Advance Appropriations**

*Regular appropriations for the full funding of a capital project or a useful segment of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, a combination of regular and advance appropriations that together provide full funding for a capital project or a useful segment should be proposed in the budget.*

*Explanation:* Principle 1 (Full Funding) is met as long as a combination of regular and advance appropriations provide budget authority sufficient to complete the capital project or useful segment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they be-

come available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

If, however, the lumpiness caused by regular appropriations cannot be accommodated within an agency or Appropriations Subcommittee, advance appropriations can ameliorate that problem while still providing that all of the budget authority is enacted in advance for the capital project or useful segment. The latter helps ensure that agencies develop appropriate plans and budgets and that all costs and benefits are identified prior to providing resources. In addition, amounts of advance appropriations can be matched to funding requirements for completing natural components of the useful segment. Advance appropriations have the same benefits as regular appropriations for improved planning, management, and accountability of the project.

#### **Principle 3: Separate Funding of Planning Segments**

*As a general rule, planning segments of a capital project should be financed separately from the procurement of a useful asset.*

*Explanation:* The agency must have information that allows it to plan the capital project, develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the project itself. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement.

If budget authority for planning segments and procurement of the useful asset are enacted together, the Administration may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

#### **Principle 4: Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts**

*To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.*

*Explanation:* Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such

spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses; and with a capital acquisition account, it can be seen that an increase in operating expenses is not being hidden and is attributed to one-time asset purchases;
- reduce the pressure for capital spikes to crowd out operating expenses; and
- improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

#### D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The project cost, schedule and performance goals established through the planning phase of the project are the basis for approval to procure the asset and the basis for assessing risk. During the procurement phase performance-based management systems (earned value or similar system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the project and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the project, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

1. having budget authority appropriated in separate capital asset acquisition accounts;
2. apportioning budget authority for a useful segment;
3. establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;

4. selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;
5. monitoring cost, schedule, and performance goals for the project (or the useful segment being proposed) using an earned value management system or similar system. Earned value is described in OMB Circular A-11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets" (July 2000).
6. if progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, institute senior management review of the project through portfolio analysis to determine the continued viability of the project with modifications, or the termination of the project, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

#### E. Glossary

##### **Appropriations**

An appropriation provides budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

*Regular annual appropriations:* These appropriations are:

- enacted normally in the current year;
- scored entirely in the budget year; and
- available for obligation in the budget year and subsequent years if specified in the language. (See "Availability," below.)

*Advance appropriations:* Advance appropriations may be accompanied by regular annual appropriations to provide funds available for obligation in the budget year as well as subsequent years. Advance appropriations are:

- enacted normally in the current year;
- scored after the budget year (e.g., in each of one, two, or more later years, depending on the language); and
- available for obligation in the year scored and subsequent years if specified in the language. (See "Availability," below.)

*Availability:* Appropriations made in appropriations acts are available for obligation only in the budget year unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

##### **Capital Assets**

Capital assets are land, structures, equipment, and intellectual property (including software) that are used by the Federal Government and have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption such as operating materials and supplies. The cost of a capital asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its intended use.

Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease, regardless of whether title has passed to the Federal Government; through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets include leasehold improvements and land rights; assets owned by the Federal Government but located in a foreign country or held by others (such as Federal contractors, State and local governments, or colleges and universities); and assets whose ownership is shared by the Federal Government with other entities. Capital assets include not only the assets as initially acquired but also additions; improvements; replacements; rearrangements and re-installations; and major repairs but not ordinary repairs and maintenance.

Examples of capital assets include the following, but are not limited to them: office buildings, hospitals, laboratories, schools, and prisons; dams, power plants, and water resources projects; furniture, elevators, and printing presses; motor vehicles, airplanes, and ships; satellites and space exploration equipment; information technology hardware and software; and Department of Defense weapons systems. Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Examples of capital assets not capitalized are Department of Defense weapons systems, heritage assets, stewardship land, and some software. Capital assets do not include grants for acquiring capital assets made to State and local governments or other entities (such as National Science Foundation grants to universities or Department of Transportation grants to AMTRAK). Capital assets also do not include intangible assets such as the knowledge resulting from research and development or the human capital resulting from education and training, although capital assets do include land, structures, equipment, and intellectual property (including software) that the Federal Government uses in research and development and education and training.

### **Capital Project and Useful Segments of a Capital Project**

The total capital project, or acquisition of a capital asset, includes useful segments that are either planning segments or useful assets.

*Planning segments:* A planning segment of a capital project provides information that allows the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and per-

formance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype may itself be one segment or may be divisible into more than one segment. Because of uncertainty regarding the identification of separate planning segments for research and development activities, the application of full funding concepts to research and development planning will need more study.

*Useful asset:* A useful asset is an economically and programmatically separate segment of the asset procurement stage of the capital project that provides an asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements in this way. Illustrations follow:

*Illustration 1:* If the construction of a building meets the justification criteria and has benefits greater than its costs without further investment, then the construction of that building is a "useful segment." Excavation is not a useful segment because no useful asset results from the excavation alone if no further funding becomes available. For a campus of several buildings, a useful segment is one complete building if that building has programmatic benefits that exceed its costs regardless of whether the other buildings are constructed, even though that building may not be at its maximum use.

*Illustration 2:* If the full acquisition is for several items (e.g., aircraft), the useful segment would be the number of complete aircraft required to achieve benefits that exceed costs even if no further funding becomes available. In contrast, some portion of several aircraft (e.g., engines for five aircraft) would not be a useful segment if no further funding is available, nor would one aircraft be a useful segment if two or more are required for benefits to exceed costs.

*Illustration 3:* For information technology, a module (the information technology equivalent of "useful segment") is separable if it is useful in itself without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules if future funding becomes available.

### **Earned Value**

Earned value refers to a performance-based management system for establishing baseline cost, schedule, and performance goals for a capital project and measuring progress against the goals. Earned value is described in OMB Circular A-11, Part 3, "Planning, Budgeting and Acquisition of Capital Assets" (July 2000).

### **Funding**

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

tions—are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment. Full funding for an entire capital project is required if the project cannot be divided into more than one useful segment. If the asset can be divided into more than one useful segment, full funding for a project may be desirable, but is not required to constitute full funding.

*Incremental (partial) funding:* Incremental (partial) funding means that appropriations—regular appropriations or advance appropriations—are enacted for just part of a useful segment of a capital project, if the project has useful segments, or for part of the capital project as a whole, if it is not divisible into useful segments. Under incremental funding for a capital asset, which is not permitted under these principles, the funds could be obligated to start the segment (or project) despite the fact that they are insufficient to complete a useful segment or project.

### **Risk Management**

Risk management is an organized method of identifying and measuring risk and developing, selecting, and managing options for handling these risks. Before beginning any procurement, managers should review and revise as needed the acquisition plan to ensure that risk management techniques considered in the planning phase are still appropriate.

There are three key principles for managing risk when procuring capital assets: (1) avoiding or limiting the amount of development work; (2) making effective use of competition and financial incentives; and (3) establishing a performance-based acquisition management system that provides for accountability for program successes and failures, such as an earned value system or similar system.

There are several types of risk an agency should consider as part of risk management. The types of risk include:

- schedule risk;
- cost risk;
- technical feasibility;
- risk of technical obsolescence;
- dependencies between a new project and other projects or systems (e.g., closed architectures); and
- risk of creating a monopoly for future procurement.

## **Part III: FEDERALLY FINANCED CAPITAL STOCKS**

Federal investment spending creates a “stock” of capital that is available in the future for productive use. Each year, Federal investment outlays add to the stock of capital. At the same time, however, wear and tear and obsolescence reduce it. This section presents very rough measures over time of three different kinds of capital stocks financed by the Federal Government: public physical capital, research and development (R&D), and education.

Federal spending for physical assets adds to the Nation’s capital stock of tangible assets, such as roads, buildings, and aircraft carriers. These assets deliver a flow of services over their lifetime. The capital depreciates as the asset ages, wears out, is accidentally damaged, or becomes obsolete.

Federal spending for the conduct of research, development, and education adds to an “intangible” asset, the Nation’s stock of knowledge. Although financed by the Federal Government, the research and development or education can be performed by Federal or State government laboratories, universities and other nonprofit organizations, or private industry. Research and development covers a wide range of activities, from the investigation of subatomic particles to the exploration of outer space; it can be “basic” research without particular applications in mind, or it can have a highly specific practical use. Similarly, education includes a wide variety of programs, assisting people of all ages beginning with pre-school education and extending through graduate studies and adult education. Like

physical assets, the capital stocks of R&D and education provide services over a number of years and depreciate as they become outdated.

For this analysis, physical and R&D capital stocks are estimated using the perpetual inventory method. In this method, the estimates are based on the sum of net investment in prior years. Each year’s Federal outlays are treated as gross investment, adding to the capital stock; depreciation reduces the capital stock. Gross investment less depreciation is net investment. A limitation of the perpetual inventory method is that investment spending may not accurately measure the value of the asset created. However, alternative methods for measuring asset value, such as direct surveys of current market worth or indirect estimation based on an expected rate of return, are especially difficult to apply to assets that do not have a private market, such as highways or weapons systems.

In contrast to physical and R&D stocks, the estimate of the education stock is based on the replacement cost method. Data on the total years of education of the U.S. population are combined with data on the cost of education and the Federal share of education spending to yield the cost of replacing the Federal share of the Nation’s stock of education.

Additional detail about the methods used to estimate capital stocks appears in a methodological note at the end of this section. It should be stressed that these estimates are rough approximations, and provide a basis only for making broad generalizations. Errors may

arise from uncertainty about the useful lives and depreciation rates of different types of assets, incomplete data for historical outlays, and imprecision in the deflators used to express costs in constant dollars.

### The Stock of Physical Capital

This section presents data on stocks of physical capital assets and estimates of the depreciation on these assets.

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

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

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

Real national defense stocks began in 1970 at a relatively high level, and declined steadily throughout the decade, as depreciation from the Vietnam era exceeded new investment in military construction and weapons procurement. Starting in the early 1980s, a large defense buildup began to increase the stock of defense capital. By 1986, the defense stock had exceeded its earlier Vietnam-era peak. In the last few years, depreciation on the increased stocks, together with a slower pace of defense physical capital investment allowed by the collapse of the Soviet Union and the closure or realignment of unneeded military bases, reduced the stock from its previous levels. The increased defense investment in this budget would slow the rate of decline markedly, with the stock estimated to decrease from \$635 billion in 2000 to \$624 billion in 2002.

Another trend in the Federal physical capital stocks is the shift from direct Federal assets to grant-financed assets. In 1960, 42 percent of federally financed non-defense capital was owned by the Federal Government, and 58 percent was owned by State and local governments but financed by Federal grants. Expansion in Federal grants for highways and other State and local capital, coupled with relatively slow growth in direct Federal investments by agencies such as the Bureau of Reclamation and Corps of Engineers, shifted the composition of the stock substantially. In 2000, 27 percent of the nondefense stock was owned by the Federal Government and 73 percent by State and local governments.

The growth in the stock of physical capital financed by grants has come in several areas. The growth in the stock for transportation is largely grants for highways, including the Interstate Highway System. The growth in community and regional development stocks occurred largely with the enactment of the community

**Table 6–5. NET STOCK OF FEDERALLY FINANCED PHYSICAL CAPITAL**

(In billions of 1996 dollars)

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

development block grant in the early 1970s. The value of this capital stock has grown only slowly in the past few years. The growth in the natural resources area occurred primarily because of construction grants for sewage treatment facilities. The value of this federally financed stock has increased about 30 percent since the mid-1980s.

Table 6-6 shows nondefense physical capital outlays both gross and net of depreciation since 1960. Total nondefense net investment has been consistently positive over the period covered by the table, indicating that new investment has exceeded depreciation on the existing stock. For some categories in the table, such as water and power programs, however, net investment has been negative in some years, indicating that new investment has not been sufficient to offset estimated depreciation. The net investment in this table is the change in the net nondefense physical capital stock displayed in Table 6-5.

### The Stock of Research and Development Capital

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

*Trends.*—As shown in Table 6-7, the R&D capital stock financed by Federal outlays is estimated to be \$914 billion in 2000 in constant 1996 dollars. About two-fifths is the stock of basic research knowledge; about three-fifths is the stock of applied research and development.

The total federally financed R&D stock in 2000 was about evenly divided between defense and nondefense. Although investment in defense R&D has exceeded that of nondefense R&D in every year since 1981, the nondefense R&D stock is actually the larger of the two,

because of the different emphasis on basic research and applied research and development. Defense R&D spending is heavily concentrated in applied research and development, which depreciates much more quickly than basic research. The stock of applied research and development is assumed to depreciate at a ten percent geometric rate, while basic research is assumed not to depreciate at all.

The defense R&D stock rose slowly during the 1970s, as gross outlays for R&D trended down in constant dollars and the stock created in the 1960s depreciated. A renewed emphasis on defense R&D spending from 1980 through 1990 led to a more rapid growth of the R&D stock. Since then, real defense R&D outlays have tapered off, depreciation has grown, and, as a result, the net defense R&D stock has stabilized.

The growth of the nondefense R&D stock slowed from the 1970s to the 1980s, from an annual rate of 3.8 percent in the 1970s to a rate of 2.1 percent in the 1980s. Gross investment in real terms fell during much of the 1980s, and about three-fourths of new outlays went to replacing depreciated R&D. Since 1988, however, nondefense R&D outlays have been on an upward trend while depreciation has edged down. As a result, the net nondefense R&D capital stock has grown more rapidly.

### The Stock of Education Capital

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

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

**Table 6-6. COMPOSITION OF GROSS AND NET FEDERAL AND FEDERALLY FINANCED NONDEFENSE PUBLIC PHYSICAL INVESTMENT**

(In billions of 1996 dollars)

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

\* \$50 million or less.

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

(In billions of 1996 dollars)

| Fiscal Year          | National Defense |                |                                  | Nondefense |                |                                  | Total Federal |                |                                  |
|----------------------|------------------|----------------|----------------------------------|------------|----------------|----------------------------------|---------------|----------------|----------------------------------|
|                      | Total            | Basic Research | Applied Research and Development | Total      | Basic Research | Applied Research and Development | Total         | Basic Research | Applied Research and Development |
| Five year intervals: |                  |                |                                  |            |                |                                  |               |                |                                  |
| 1970 .....           | 247              | 15             | 233                              | 204        | 63             | 140                              | 451           | 78             | 373                              |
| 1975 .....           | 262              | 19             | 242                              | 249        | 92             | 157                              | 511           | 112            | 399                              |
| 1980 .....           | 265              | 24             | 242                              | 295        | 125            | 170                              | 560           | 148            | 412                              |
| 1985 .....           | 304              | 29             | 276                              | 321        | 165            | 156                              | 626           | 194            | 432                              |
| 1990 .....           | 381              | 34             | 347                              | 362        | 217            | 146                              | 744           | 251            | 493                              |
| Annual data:         |                  |                |                                  |            |                |                                  |               |                |                                  |
| 1995 .....           | 399              | 40             | 359                              | 436        | 278            | 158                              | 835           | 318            | 517                              |
| 1996 .....           | 401              | 41             | 360                              | 448        | 290            | 158                              | 850           | 332            | 518                              |
| 1997 .....           | 403              | 42             | 360                              | 463        | 303            | 160                              | 866           | 346            | 520                              |
| 1998 .....           | 403              | 44             | 360                              | 478        | 316            | 163                              | 882           | 359            | 523                              |
| 1999 .....           | 402              | 45             | 358                              | 495        | 329            | 166                              | 897           | 374            | 523                              |
| 2000 .....           | 401              | 46             | 356                              | 512        | 344            | 169                              | 914           | 389            | 524                              |
| 2001 est. ....       | 400              | 47             | 353                              | 533        | 359            | 174                              | 933           | 406            | 527                              |
| 2002 est. ....       | 403              | 48             | 355                              | 556        | 377            | 179                              | 959           | 425            | 534                              |

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

financed by State and local governments, and by students and their families themselves. This federally financed portion of the stock represents about 3 percent of the Nation's total education stock.<sup>4</sup> Nearly three-quarters is for elementary and secondary education, while the remaining one quarter is for higher education.

Despite a slowdown in growth during the early 1980s, the stock grew at an average annual rate of 5.4 percent from 1970 to 2000, and the expansion of the education stock is projected to continue under this budget.

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

### Note on Estimating Methods

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

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

*Methodological issues.*—The stocks of physical capital and research and development are estimated with the perpetual inventory method. A fundamental assumption of this method is that each dollar of investment spending adds a dollar to the value of the capital stock in the period in which the spending takes place. In reality, the value of the asset created could be more or less than the investment spending. As an extreme example,

**Table 6-8. NET STOCK OF FEDERALLY FINANCED EDUCATION CAPITAL**

(In billions of 1996 dollars)

| Fiscal Year          | Total Education Stock | Elementary and Secondary Education | Higher Education |
|----------------------|-----------------------|------------------------------------|------------------|
| Five year intervals: |                       |                                    |                  |
| 1960 .....           | 67                    | 48                                 | 19               |
| 1965 .....           | 93                    | 67                                 | 26               |
| 1970 .....           | 213                   | 167                                | 46               |
| 1975 .....           | 307                   | 247                                | 60               |
| 1980 .....           | 434                   | 338                                | 96               |
| 1985 .....           | 535                   | 399                                | 137              |
| 1990 .....           | 703                   | 519                                | 184              |
| Annual data:         |                       |                                    |                  |
| 1995 .....           | 792                   | 574                                | 218              |
| 1996 .....           | 822                   | 596                                | 226              |
| 1997 .....           | 856                   | 621                                | 235              |
| 1998 .....           | 909                   | 661                                | 248              |
| 1999 .....           | 969                   | 708                                | 261              |
| 2000 .....           | 1,030                 | 762                                | 268              |
| 2001 est. ....       | 1,088                 | 813                                | 275              |
| 2002 est. ....       | 1,157                 | 869                                | 289              |

in cases where a project is canceled before completion, the spending on the project does not result in the creation of any asset. Even where asset value is equal to investment spending, there might be timing differences in spending and the creation of a capital asset. For example, payments for constructing an aircraft carrier might be made over a period of years, with the capital asset only created at the end of the period.

*The historical outlay series.*—The historical outlay series for physical capital was based on budget records since 1940 and was extended back to 1915 using data from selected sources. There are no consistent outlay data on physical capital for this earlier period, and the estimates are approximations. In addition, the historical outlay series in the budget for physical capital extending back to 1940 may be incomplete. The historical outlay series for the conduct of research and development began in the early 1950s and required selected sources to be extended back to 1940. In addition, separate outlay data for basic research and applied R&D were not available for any years and had to be estimated from obligations and budget authority. For education, data for Federal outlays from the budget were combined with data for non-Federal spending from the institution or jurisdiction receiving Federal funds, which may introduce error because of differing fiscal years and confusion about whether the Federal Government was the original source of funding.

*Price adjustments.*—The prices for the components of the Federal stock of physical, R&D, and education capital have increased through time, but the rates of increase are not accurately known. Estimates of costs in fiscal year 1996 prices were made through the application of price measures from the National Income and Product Accounts (NIPAs), but these should be considered only approximations of the costs of these assets in 1996 prices.

*Depreciation.*—The useful lives of physical, R&D, and education capital, as well as the pattern by which they depreciate, are very uncertain. This is compounded by using depreciation rates for broad classes of assets, which do not apply uniformly to all the components of each group. As a result, the depreciation estimates should also be considered approximations. This limitation is especially important in capital financed by grants, where the specific asset financed with the grant is often subject to the discretion of the recipient jurisdiction.

Research continues on the best methods to estimate these capital stocks. The estimates presented in the text could change as better information becomes available on the underlying investment data and as improved methods are developed for estimating the stocks based on those data.

### **Physical Capital Stocks**

For many years, current and constant-cost data on the stock of most forms of public and private physical capital—e.g., roads, factories, and housing—have been estimated annually by the Bureau of Economic Analysis (BEA) in the Department of Commerce. With two recent

comprehensive revisions of the NIPAs in January 1996 and October 1999, government investment has taken increased prominence. Government investment in physical capital is now reported separately from government consumption expenditures, and government consumption expenditures include depreciation as a measure of the services provided by the existing capital stock. Government purchases of software are now included as investment.<sup>5</sup> In addition, as part of the most recent revisions, a new NIPA table explicitly links investment and capital stocks by reporting the net stock of Government physical capital and decomposing the annual change in the stock into investment, depreciation, extraordinary changes such as disasters, and revaluation.<sup>6</sup>

The BEA data are not directly linked to the Federal budget, do not extend to the years covered by the budget, and do not separately identify the capital financed but not owned by the Federal Government. For these reasons, OMB prepares separate estimates for budgetary purposes, using techniques that roughly follow the BEA methods.

*Method of estimation.*—The estimates were developed from the OMB historical data base for physical capital outlays and grants to State and local governments for physical capital. These are the same major public physical capital outlays presented in Part I. This data base extends back to 1940 and was supplemented by rough estimates for 1915–1939.

The deflators used to convert historical outlays to constant 1996 dollars were based on chained NIPA price indexes for Federal, State, and local consumption of durables and gross investment. The price indexes were updated this year consistent with revised data back to 1930 from BEA's October 1999 comprehensive NIPA revisions. For 1915 through 1929, deflators were estimated from Census Bureau historical statistics on constant price public capital formation.

The resulting capital stocks were aggregated into nine categories and depreciated using geometric rates roughly following those of BEA, which estimates depreciation using much more detailed categories.<sup>7</sup> The geometric rates were 1.9 percent for water and power projects; 2.4 percent for other direct nondefense construction and rehabilitation; 20.3 percent for nondefense equipment; 14.0 percent for defense equipment; 2.1 percent for defense structures; 2.0 percent for transportation grants; 1.7 percent for community and regional development grants; 1.5 percent for natural resources and environment grants; and 1.8 percent for other nondefense grants. The depreciation rate for transportation grants was increased from the 1.6 percent rate used last year, consistent with a revised as-

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

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

<sup>7</sup>BEA presented its depreciation methods and rates in "Improved Estimates of Fixed Reproducible Tangible Wealth, 1929–95," *Survey of Current Business*, May 1997, pp. 69–76.

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

### **Research and Development Capital Stocks**

*Method of estimation.*—The estimates were developed from a data base for the conduct of research and development largely consistent with the data in the Historical Tables. Although there is no consistent time series on basic and applied R&D for defense and nondefense outlays back to 1940, it was possible to estimate the data using obligations and budget authority. The data are for the conduct of R&D only and exclude outlays for physical capital for research and development, because those are included in the estimates of physical capital. Nominal outlays were deflated by the chained price index for gross domestic product (GDP) in fiscal year 1996 dollars to obtain estimates of constant dollar R&D spending.

The appropriate depreciation rate of intangible R&D capital is even more uncertain than that of physical capital. Empirical evidence is inconclusive. It was assumed that basic research capital does not depreciate and that applied research and development capital has a ten percent geometric depreciation rate. These are the same assumptions used in a study published by the Bureau of Labor Statistics estimating the R&D stock financed by private industry.<sup>8</sup> More recent experimental work at BEA, extending estimates of tangible capital stocks to R&D, used slightly different assump-

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

### **Education Capital Stocks**

*Method of estimation.*—The estimates of the federally financed education capital stock in Table 6–8 were calculated by first estimating the Nation's total stock of education capital, based on the current replacement cost of the total years of education of the population, including opportunity costs. To derive the Federal share of this total stock, the Federal share of total educational expenditures was applied to the total amount. The percent in any year was estimated by averaging the prior years' share of Federal education outlays in total education costs. For more information, refer to the technical note in Chapter 2, "Stewardship: Toward a Federal Balance Sheet."

The stock of capital estimated in Table 6–8 is based only on spending for education. Stocks created by other human capital investment outlays included in Table 6–1, such as job training and vocational rehabilitation, were not calculated because of the lack of historical data prior to 1962 and the absence of estimates of depreciation rates.

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

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

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

ital—such as office buildings, computers, and weapons systems—that primarily contributes to its ability to provide governmental services to the public; some of these services, in turn, are designed to increase economic growth. And it invests in capital—such as highways, education, and research—that contributes more directly to the economic growth of the Nation. Most of the capital in the second category, unlike the first, is not owned or controlled by the Federal Government. In the discussion that follows, the first is called "Federal capital" and the second is called "national capital." Table 6–9 compares total Federal investment as defined in Part I of this chapter with investment in Federal capital, which was defined as "capital assets" in Part II of this chapter, and with investment in national capital. Some Federal investment is not classified as either Federal or national capital, and a relatively small part is included in both categories.

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

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

<sup>10</sup>*Report of the President's Commission to Study Capital Budgeting* (February 1999). To be specific, the Commission did not recommend changing the budget to alter the basis for measuring capital investment, to make the size of the deficit or surplus depend on the amount of expenditures defined as capital, to finance capital spending by borrowing, or to make a single decision about how much to spend for "capital" under some definition.

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

(In millions of dollars)

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

<sup>1</sup> Total outlays for "all types of capital" are equal to the total for "major Federal investment outlays" in Table 6-1. Some capital is not classified as either Federal or national capital, and a relatively small part is included in both categories.

Capital budgets and other changes in Federal budgeting have been suggested from time to time for the Government's investment in both Federal and national capital. The proposals differ widely in coverage, depending on the rationale for the suggestion. Some would include all the investment shown in Table 6-1, or more, whereas others would be narrower in various ways. These proposals also differ in other respects, such as whether investment would be financed by borrowing and whether the non-investment budget would necessarily be balanced. Some of these proposals are discussed below and illustrated by alternative capital budget and other capital expenditure presentations, although the discussion does not address matters of implementation such as the effect on the Budget Enforcement Act. The planning and budgeting process for cap-

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

### Investment in Federal Capital

The goal of investment in Federal capital is to deliver the right amount of Government services as efficiently and effectively as possible. The Congress allocates resources to Federal agencies to accomplish a wide variety of programmatic goals. Because these goals are diverse and most are not measured in dollars, they are difficult to compare with each other. Policy judgments must be made as to their relative importance.

Once amounts have been allocated for one of these goals, however, analysis may be able to assist in choosing the most efficient and effective means of delivering service. This is the context in which decisions are made on the amount of investment in Federal capital. For

example, budget proposals for the Department of Justice must consider whether to increase the number of FBI agents, the amount of justice assistance grants to State and local governments, or the number of Federal prisons in order to accomplish the department's objectives. The optimal amount of investment in Federal capital derives from these decisions. There is no efficient target for total investment in Federal capital as such either for a single agency or for the Government as a whole.

The universe of Federal capital encompasses all federally owned capital assets. It excludes Federal grants to States for infrastructure, such as highways, and it excludes intangible investment, such as education and research. Investment in Federal capital in 2002 is estimated to be \$86.8 billion, or 29 percent of the total Federal investment outlays shown in Table 6-1. Of the investment in Federal capital, 72 percent is for defense and 28 percent for nondefense purposes. (The estimates for defense investment throughout this section are subject to change as a result of the Defense Strategy Review mentioned in the introduction to this chapter.)

**A Capital Budget for Capital Assets**

Discussion of a capital budget has often centered on Federal capital, called "capital assets" in Part II of this chapter—buildings, other construction, equipment, and software that support the delivery of Federal services. This includes capital commonly available from the commercial sector, such as office buildings, computers, military family housing, veterans hospitals, research and development facilities, and associated equipment; it also includes special purpose capital such as weapons systems, military bases, the space station, and dams. This definition excludes capital that the Federal Government has financed but does not own.

Some capital budget proposals would partition the unified budget into a capital budget, an operating budget, and a total budget. Table 6-10 illustrates such a capital budget for capital assets as defined above. It is accompanied by an operating budget and a total budget. The operating budget consists of all expenditures except those included in the capital budget, plus depreciation on the stock of assets of the type purchased through the capital budget. The capital budget consists of expenditures for capital assets and, on the income side of the account, depreciation. The total budget is the present unified budget, largely based on cash for its measure of transactions, which records all outlays and receipts of the Federal Government. It consolidates the operating and capital budgets by adding them together and netting out depreciation as an intragovernmental transaction. The operating budget has a larger surplus than the unified budget by a small amount, \$7 billion, because capital expenditures are larger than depreciation by \$7 billion. This reflects both the relatively small Federal investment in new capital assets (\$87 billion) and the offsetting effect of depreciation on the existing stock (\$80 billion). The figures in Table 6-10 and the subsequent tables of this section

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

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

(In billions of dollars)

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

<sup>1</sup> Historical data to estimate the capital stocks and calculate depreciation are not readily available for Federal capital. Depreciation estimates were based on the assumption that outlays for Federal capital were a constant percentage of the larger categories in which such outlays were classified. They are also subject to the limitations explained in Part III of this chapter. Depreciation is measured in terms of current cost, not historical cost.

Some proposals for a capital budget would exclude defense capital (other than military family housing). These exclusions—weapons systems, military bases, and so forth—would comprise three-fourths of the expenditures shown in the capital budget of Table 6-10. For 2002, this exclusion would make little difference to the operating budget surplus. If defense capital was excluded, the operating budget would have a surplus that was \$10 billion more than the unified budget surplus instead of \$7 billion more as shown above for the complete coverage of Federal capital. Capital expenditures for defense in 2002 are estimated to be \$3 billion less than depreciation, whereas capital expenditures for nondefense purposes (plus military family housing) are estimated to be \$10 billion more.

**Budget Discipline and a Capital Budget**

Many proposals for a capital budget, though not all, would effectively dispense with the unified budget and make expenditure decisions on capital asset acquisitions in terms of the operating budget instead. When an agency proposed to purchase a capital asset, the operating budget would include only the estimated depreciation. For example, suppose that an agency proposed to buy a \$50 million building at the beginning of the year with an estimated life of 25 years and with depreciation calculated by the straightline method. Operating expense in the budget year would increase by \$2 million, or only 4 percent of the asset cost. The same amount of depreciation would be recorded as an

increase in operating expense for each year of the asset's life.<sup>11</sup>

Recording the annual depreciation in the operating budget each year would provide little control over the decision about whether to invest in the first place. Most Federal investments are sunk costs and as a practical matter cannot be recovered by selling or renting the asset. At the same time, there is a significant risk that the need for a capital asset may change over a period of years, because either the need is not permanent, it is initially misjudged, or other needs become more important. Since the cost is sunk, however, control cannot be exercised later on by comparing the annual benefit of the asset services with depreciation and interest and then selling the asset if its annual services are not worth this expense. Control can only be exercised up front when the Government commits itself to the full sunk cost. By spreading the real cost of the project over time, however, use of the operating budget for expenditure decisions would make the budgetary cost of the capital asset appear very cheap when decisions were being made that compared it to alternative expenditures. As a result, there would be an incentive to purchase capital assets with little regard for need, and also with little regard for the least-cost method of acquisition.

A budget is a financial plan for allocating resources—deciding how much the Federal Government should spend in total, program by program, and for the parts of each program. The budgetary system provides a process for proposing policies, making decisions, implementing them, and reporting the results. The budget needs to measure costs accurately so that decision makers can compare the cost of a program with its benefit, the cost of one program with another, and the cost of alternative methods of reaching a specified goal. These costs need to be fully included in the budget up front, when the spending decision is made, so that executive and congressional decision makers have the information and the incentive to take the total costs into account in setting priorities.

The present budget does this for investment. By recording investment on a cash basis, it causes the total cost to be compared up front in a rough and ready way with the total expected future net benefits. Since the budget measures only cost, the benefits with which these costs are compared, based on policy makers' judgment, must be presented in supplementary materials. Such a comparison of total cost with benefits is consistent with the formal method of cost-benefit analysis of capital projects in government, in which the full cost of a capital asset as the cash is paid out is compared with the full stream of future benefits (all in terms of present values).<sup>12</sup> This comparison is also consistent

<sup>11</sup>The amount of depreciation that typically would be recorded as an expense in the budget year is overstated by this illustration. First, most assets are purchased after the beginning of the year, in which case less than a full year's depreciation would be recorded. Second, assets may be constructed or built to order, in which case no depreciation would be recorded until the work was completed and the asset put into service. This could be several years after the initial expenditure, in which case the budget would record no expense at all in the budget year.

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

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

### *Practice Outside the Federal Government*

The proponents of making investment decisions on the basis of an operating budget with depreciation have sometimes claimed that this is the common practice outside the Federal Government. However, while the practice of others may differ from the Federal budget and the terms “capital budget” and “capital budgeting” are often used, these terms do not normally mean that capital asset acquisitions are decided on the basis of annual depreciation cost. The use of these terms in business and State government also does not mean that businesses and States finance all their investment by borrowing. Nor does it mean that under a capital budget the extent of borrowing by the Federal Government to finance investment would be limited by the same forces that constrain business and State borrowing for investment.

*Private business firms* call their investment decision making process “capital budgeting,” and they record the resulting planned expenditures in a “capital budget.” However, decisions are normally based on up-front comparisons of the cash outflows needed to make the investment with the resulting cash inflows expected in the future, as explained above, and the capital budget records the period-by-period cash outflows proposed for capital projects.<sup>15</sup> This supports the business's goal of deciding upon and controlling the use of its resources.

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

*Public Sector* (2nd ed.; New York: Norton, 1988), chap. 10. This theory is applied in formal OMB instructions to Federal agencies in OMB Circular No. A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (October 29, 1992). General Accounting Office, *Discount Rate Policy*, GAO/OCE-17.1.1 (May 1991), discusses the appropriate discount rate for such analysis but not the foundation of the analysis itself, which is implicitly assumed.

<sup>13</sup>For a full textbook analysis of capital budgeting techniques in business, see Harold Bierman, Jr., and Seymour Smidt, *The Capital Budgeting Decision* (8th ed.; Saddle River, N.J.: Prentice-Hall, 1993). Shorter analyses from the standpoints of corporate finance and cost accounting may be found, for example, in Richard A. Brealey and Stewart C. Myers, *Principles of Corporate Finance* (5th ed.; New York: McGraw-Hill, 1996), chap. 2, 5, and 6; Charles T. Horngren et al., *Cost Accounting* (9th ed.; Upper Saddle River, N.J.: Prentice-Hall, 1997), chap. 22 and 23; Jerold L. Zimmerman, *Accounting for Decision Making and Control* (Chicago: Irwin, 1995), chap. 3; and Surendra S. Singhvi, “Capital-Investment Budgeting Process” and “Capital-Expenditure Evaluation Methods,” chap. 19 and 20 in Robert Rachlin, ed., *Handbook of Budgeting* (4th ed.; New York: Wiley, 1999).

<sup>14</sup>Two surveys of business practice conducted a few years ago found that such techniques are predominant. See Thomas Klammer et al., “Capital Budgeting Practices—A Survey of Corporate Use,” *Journal of Management and Accounting Research*, vol. 3 (Fall 1991), pp. 113–30; and Glenn H. Petry and James Sprow, “The Theory and Practice of Finance in the 1990s,” *The Quarterly Review of Economics and Finance*, vol. 33 (Winter 1993), pp. 359–82. Petry and Sprow also found that discounted cash flow techniques are recommended by the most widely used textbooks in managerial finance.

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

accounting for a different purpose, namely, to record how well the business is meeting its objective of earning profit and accumulating wealth for its owners. For this purpose, the income statement shows the profit in a year from earning revenue net of the expenses incurred. These expenses include depreciation, which is an allocation of the cost of capital assets over their estimated useful lives. With similar objectives in mind, the Federal Accounting Standards Advisory Board has adopted the use of depreciation on general property, plant, and equipment owned by the Federal Government as a measure of expense in financial statements and cost accounting for Federal agencies.<sup>16</sup>

Businesses finance investment from net income, cash on hand, and other sources as well as borrowing. When they borrow to finance investment, they are constrained in ways that Federal borrowing is not. The amount that a business borrows is limited by its own profit motive and the market's assessment of its capacity to repay. The greater a business's indebtedness, other things equal, the more risky is any additional borrowing and the higher is the cost of funds it must pay. Since the profit motive ensures that a business will not want to borrow unless the expected return is at least as high as the cost of funds, the amount of investment that a business will want to finance is limited; it has an incentive to borrow only for projects where the expected return is as high or higher than the cost of funds. Furthermore, if the risk is great enough, a business may not be able to find a lender.

No such constraint limits the Federal Government—either in the total amount of its borrowing for investment, or in its choice of which assets to buy—because of its sovereign power to tax and the wide economic base that it taxes. It can tax to pay for investment; and, if it borrows, its power to tax ensures that the credit market will judge U.S. Treasury securities free from any risk of default even if it borrows “excessively” or for projects that do not seem worthwhile.

Most *States* also have a “capital budget,” but the operating budget is not like the operating budget envisaged by proponents of making Federal investment decisions on the basis of depreciation. State capital budgets differ widely in many respects but generally relate some of the State's purchases of capital assets to borrowing and other earmarked means of financing. For the debt-financed portion of investment, the interest and repayment of principal are usually recorded as expenditures in the operating budget. For the portion of investment purchased in the capital budget but financed by Federal grants or State taxes, which may be substantial, State

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

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

State borrowing to finance investment, like business borrowing, is subject to limitations that do not apply to Federal borrowing. Like business borrowing, it is constrained by the credit market's assessment of the State's capacity to repay, which is reflected in the credit ratings of its bonds. Rating agencies place significant weight on the amount of debt outstanding compared to the economic output generated by the State. Furthermore, borrowing is usually designated for specified investments, and it is almost always subject to constitutional limits or referendum requirements.

Other *developed* nations tend to show a more systematic breakdown between investment and operating expenditures within their budgets than does the United States, even while they record capital expenditures on a cash basis within the same budget totals. The French budget, for example, has traditionally been divided into separate titles of which some are for current expenditures and others for capital expenditures. A recent study of European countries found only four, however, that had a real difference between a current budget and a capital budget (Greece, Ireland, Luxembourg, and Portugal).<sup>20</sup>

In addition, four developed countries have recently begun to adopt accrual budgets that include the use of depreciation in place of capital expenditures. These four countries, however, require appropriations for the full cost or current cash disbursements as an additional control under some or all circumstances. New Zealand, the first country to shift to an accrual budget, requires the equivalent of appropriations for the full cost up front before a department can make net additions to its capital assets or before the government can acquire

<sup>16</sup>Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*, pp. 5–14 and 34–35. (The Federal Accounting Standards Advisory Board was established by the Office of Management and Budget, Department of Treasury, and General Accounting Office to develop accounting standards and concepts for the Federal government. The American Institute of Certified Public Accountants has designated it as the body to establish generally accepted accounting principles (GAAP) for Federal government entities.) Depreciation is not used as a measure of expense for heritage assets, or for weapons systems and other national defense property, plant, and equipment. Depreciation also is not used as a measure of expense for physical property financed by the Federal Government but owned by State and local governments, or for investment that the Federal Government finances in human capital and research and development.

<sup>17</sup>The characteristics of State capital budgets were examined in a survey of State budget officers for all 50 States in 1986. See Lawrence W. Hush and Kathleen Peroff, “The Variety of State Capital Budgets: A Survey,” *Public Budgeting and Finance* (Summer 1988), pp. 67–79. More detailed results are available in an unpublished OMB document, “State Capital Budgets” (July 7, 1987). Two GAO reports examined State capital budgets and reached similar conclusions on the issues in question. See *Budget Issues: Capital Budgeting Practices in the States*, GAO/AFMD–86–63FS (July 1986), and *Budget Issues: State Practices for Financing Capital Projects*, GAO/AFMD–89–64 (July 1989). For further information about state capital budgeting, see National Association of State Budget Officers, *Capital Budgeting in the States* (November 1999).

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

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

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

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

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

On the other hand, some countries—including Sweden, Denmark, Finland, and the Netherlands—formerly had separate capital budgets but abandoned them a number of years ago.<sup>22</sup>

Many *developing countries* operate a dual budget system comprising a regular or recurrent budget and a capital or development budget. The World Bank staff has concluded that:

“The dual budget may well be the single most important culprit in the failure to link planning, policy and budgeting, and poor budgetary outcomes. The dual budget is misconceived because it is based on a false premise that capital expenditure by government is more productive than current expenditure. Separating development and recurrent budgets usually leads to the development budget having a lower hurdle for entry. The result is that everyone seeks to redefine their expenditure as capital so it can be included in the development budget. Budget realities are left to the recurrent budget to deal with, and there is no

pretension that expenditure proposals relate to policy priorities.”<sup>23</sup>

### Conclusions

It is for reasons such as these that the General Accounting Office issued a report in 1993 that criticized budgeting for capital in terms of depreciation. Although the criticisms were in the context of what is termed “national capital” in this chapter, they apply equally to “Federal capital.”

“Depreciation is not a practical alternative for the Congress and the administration to use in making decisions on the appropriate level of spending intended to enhance the nation’s long-term economic growth for several reasons. Currently, the law requires agencies to have budget authority before they can obligate or spend funds. Unless the full amount of budget authority is appropriated up front, the ability to control decisions when total resources are committed to a particular use is reduced. Appropriating only annual depreciation, which is only a fraction of the total cost of an investment, raises this control issue.”<sup>24</sup>

After further study of the role of depreciation in budgeting for national capital, GAO reiterated that conclusion in another study in 1995.<sup>25</sup> “The greatest disadvantage... was that depreciation would result in a loss of budgetary control under an obligation-based budgeting system.”<sup>26</sup> Although that study also focused primarily on what is termed “national capital” in this chapter, its analysis applies equally to “Federal capital.” In 1996 GAO expressly extended its conclusions to Federal capital as well. “If depreciation were recorded in the federal budget in place of cash requirements for capital spending, this would undermine Congress’ ability to control expenditures because only a small fraction of an asset’s cost would be included in the year when a decision was made to acquire it.”<sup>27</sup>

## Investment in National Capital

### A Target for National Investment

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

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

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

<sup>22</sup>Denmark had accrual budgets generally, not just for capital assets, but abandoned that practice a number of years ago. The budgets in Sweden, Great Britain, Germany, and France as of the middle 1980s are described in GAO, *Budget Issues: Budgeting Practices in West Germany, France, Sweden, and Great Britain*, GAO/AFMD-87-8FS (November 1986). Sweden had separate capital and operating budgets from 1937 to 1981, together with a total consolidated budget from 1956 onwards. The reasons for abandoning the capital budget are discussed briefly in the GAO report and more extensively by a government commission established to recommend changes in the Swedish budget system. One reason was that borrowing was no longer based on the distinction between current and capital budgets. See Sweden, Ministry of Finance, *Proposal for a Reform of the Swedish Budget System: A Summary of the Report of the Budget Commission Published by the Ministry of Finance* (Stockholm, 1974), chapter 10.

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

<sup>24</sup>GAO, *Budget Issues: Incorporating an Investment Component in the Federal Budget*, GAO/AIMD-94-40 (November 1993), p. 11. GAO had made the same recommendation in earlier reports but with less extensive analysis.

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

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

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

In its 1993 report, *Incorporating an Investment Component in the Federal Budget*, the General Accounting Office (GAO) recommended establishing an investment component within the unified budget—but not a separate capital budget or the use of depreciation—for this type of investment.<sup>28</sup> GAO defined this investment as “federal spending, either direct or through grants, that is directly intended to enhance the private sector’s long-term productivity.”<sup>29</sup> To increase investment—both public and private—GAO recommended establishing targets for the level of Federal investment and for a declining path of unified budget deficits over time.<sup>30</sup> Such a target for investment in national capital would focus attention on policies for growth, encourage a conscious decision about the overall level of growth-enhancing investment, and make it easier to set spending priorities in terms of policy goals for aggregate formation of national capital. GAO reiterated its recommendation in another report in 1995.<sup>31</sup>

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

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

Table 6–11 illustrates the unified budget reorganized as GAO recommends to have a separate component for investment in national capital. This component is roughly estimated to be \$168 billion in 2002. It includes infrastructure outlays financed by Federal grants to State and local governments, such as highways and sewer projects, as well as direct Federal purchases of infrastructure, such as electric power generation equipment. It also includes intangible investment for non-defense research and development, for basic research financed through defense, and for education and training. Much of this expenditure consists of grants and credit assistance to State and local governments, non-profit organizations, or individuals. Only 12 percent of national investment consists of assets to be owned by the Federal Government. Military investment and some other “capital assets” as defined previously are excluded, because that investment does not primarily enhance economic growth.

**A Capital Budget for National Investment**

Table 6–12 roughly illustrates what a capital budget and operating budget would look like under this definition of investment—although it must be emphasized that this is *not* GAO’s recommendation. Some pro-

ponents of a capital budget would make spending decisions within the framework of such a capital budget and operating budget. But the limitations that apply to the use of depreciation in deciding on investment decisions for Federal capital apply even more strongly in deciding on investment decisions for national capital. Most national capital is neither owned nor controlled by the Federal Government. Such investments are sunk costs completely and can be controlled only by decisions made up front when the Government commits itself to the expenditure.<sup>32</sup>

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

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

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

<sup>2</sup>Excludes depreciation on capital financed by earmarked tax receipts allocated to the capital budget.  
<sup>3</sup>Consists of tax receipts of the highway and airport and airways trust funds, less trust fund outlays for operating expenditures. These are user charges earmarked for financing capital expenditures.

In addition to these basic limitations, the definition of investment is more malleable for national capital than Federal capital. Many programs promise long-term intangible benefits to the Nation, and depreciation rates are much more difficult to determine for intangible investment such as research and education than they are for physical investment such as highways and office buildings. These and other definitional questions are hard to resolve. The answers could significantly affect budget decisions, because they would determine whether the budget would record all or only a small part of the cost of a decision when policy makers were comparing the budgetary cost of a project with their judgment of its benefits. The process of reaching an answer with a capital budget would open the door to manipulation, because there would be an incentive to make the

<sup>28</sup>*Incorporating an Investment Component in the Federal Budget*, pp. 1–2, 9–10, and 15.  
<sup>29</sup>*Ibid.*, pp. 1 and 5.  
<sup>30</sup>*Ibid.*, pp. 2 and 13–16.  
<sup>31</sup>*The Role of Depreciation in Budgeting for Certain Investments*, pp. 2 and 19–20.

<sup>32</sup>GAO’s conclusions about the loss of budgetary control that were quoted at the end of the section on Federal capital came from studies that predominantly considered “national capital.”

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

### A Capital Budget and the Analysis of Saving and Investment

Data from the Federal budget may be classified in many different ways, including analyses of the Government’s direct effects on saving and investment. As Parts I and III of this chapter have shown, the unified budget provides data that can be used to calculate Federal investment outlays and federally financed capital stocks. However, the budget totals themselves do not make this distinction. In particular, the budget surplus or deficit does not measure the Government’s contribution to the nation’s net saving (i.e., saving net of depreciation). A capital budget, it is sometimes contended, is needed for this purpose.

This purpose, however, is now fulfilled by the Federal sector of the national income and product accounts (NIPA) according to one definition of investment. The NIPA Federal sector measures the impact of Federal current receipts, current expenditures, and the current surplus or deficit on the national economy. It is part of an integrated set of measures of aggregate U.S. economic activity that is prepared by the Bureau of Economic Analysis in the Department of Commerce in order to measure gross domestic product (GDP), the income generated in its production, and many other variables used in macroeconomic analysis. The NIPA Federal sector for recent periods is published monthly in the *Survey of Current Business* with separate releases for historical data. Estimates for the President’s proposed budget through the budget year are normally published in the budget documents. The NIPA translation of the budget, rather than the budget itself, is ordinarily used by economists to analyze the effect of Government fiscal policy on the aggregate economy.<sup>34</sup>

Until a few years ago the NIPA Federal sector did not divide government purchases of goods and services between consumption and investment. With the comprehensive revision of the national income and product accounts in early 1996, it now makes that distinction.<sup>35</sup> The revised NIPA Federal Government account is a current account or an operating account for the Federal Government and accordingly shows current receipts and current expenditures. It excludes expenditures for structures, equipment, and software owned by the Federal Government; it includes depreciation on the feder-

ally owned stock of structures, equipment, and software as a proxy for the services of capital assets consumed in production and thus as part of the Federal Government’s current expenditures. It applies this treatment to a comprehensive definition of federally owned structures, equipment, and software, both defense and non-defense, similar to the definition of “capital assets” in this chapter.<sup>36</sup>

The NIPA “current surplus or deficit” of the Federal Government thus measures the Government’s direct contribution to the Nation’s net saving (given the definition of investment that is employed). The 2000 Federal Government current account surplus was increased \$6 billion by including depreciation rather than gross investment, because depreciation of federally owned structures, equipment, and software was less than gross investment. The 2002 Federal current account surplus is estimated to be increased \$14 billion.<sup>37</sup> A capital budget is not needed to capture this effect.

### Borrowing to Finance a Capital Budget

A further issue traditionally raised by a capital budget is the financing of capital expenditures. Some have argued that the Government ought to balance the operating budget and borrow to finance the capital budget—capital expenditures less depreciation. The rationale is that if the Government borrows for net investment and the rate of return exceeds the interest rate, the additional debt does not add a burden onto future generations. Instead, the burden of paying interest on the debt and repaying its principal is spread over the generations that will benefit from the investment. The additional debt is “justified” by the additional assets.

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

<sup>33</sup>These problems are also pointed out in GAO, *Incorporating an Investment Component in the Federal Budget*, pp. 11–12. They are discussed more extensively with respect to highway grants, research and development, and human capital in GAO, *The Role of Depreciation in Budgeting for Certain Federal Investments*, pp. 11–14. GAO found no government that budgets for the depreciation of human capital or research and development (except that New Zealand budgets for the depreciation of research and development if it results in a product that is intended to be used or marketed).

<sup>34</sup>See chapter 16 of this volume, “National Income and Product Accounts,” for the NIPA current account of the Federal Government based on the budget estimates for 2001 and 2002, and for a discussion of the NIPA Federal sector and its relationship to the budget.

<sup>35</sup>This distinction is also made in the national accounts of most other countries and in the System of National Accounts (SNA), which is guidance prepared by the United Nations and other international organizations. Definitions of investment vary. For example, the SNA does not include the purchase of military equipment as investment.

<sup>36</sup>The treatment of investment (except for the recent recognition of software) in the NIPA Federal sector is explained in *Survey of Current Business*, “Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation” (September 1995), pp. 33–39. As is the case of private sector investment, government investment does not include expenditures on research and development or on education and training. Government purchases of structures, equipment, and software remain a part of gross domestic product (GDP) as a separate component. The NIPA State and local government account is defined in the same way and includes depreciation on structures, equipment, and software owned by State and local governments that were financed by Federal grants as well as by their own resources. Depreciation is not displayed as a separate line item in the government account: depreciation on general government capital assets is included in government “consumption expenditures”; and depreciation on the capital assets of government enterprises is subtracted in calculating the “current surplus of government enterprises.”

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

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

This argument about financing capital expenditures is at best a justification to borrow to finance *net* investment, after depreciation is subtracted from *gross* outlays, not to borrow to finance *gross* investment. To the extent that capital is used up during the year, there are no additional assets to justify additional debt. If the Government borrows to finance *gross* investment, the additional debt exceeds the additional capital assets. The Government is thus adding onto the amount of future debt service without providing the additional capital that would produce the additional income needed to service that debt.

This justification, furthermore, requires that depreciation be measured in terms of the current replacement cost, not the historical cost. Current cost depreciation is needed in order to measure all activities in the budget on a consistent basis, since other outlays and receipts are automatically measured in the prices of the current year. Current cost depreciation is also needed to obtain a valid measure of net investment. This requires that the addition to the capital stock from new purchases and the subtraction from depreciation on existing assets both be measured in the prices of the same year. When prices change, historical cost depreciation does not measure the extent to which the capital stock is used up each year.

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

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

Even with depreciation calculated in current cost, the rationale for borrowing to finance net investment—or, under present circumstances, the rationale for reducing debt repayment because of net investment—is not persuasive. The Federal Government, unlike a business or household, is responsible not only for its own affairs but also for the general welfare of the Nation. To maintain and accelerate national economic growth and development, the Government needs to sustain private investment as well as its own national investment. A high level of net national saving is needed to meet the demographic and other challenges expected in the decades ahead.

To the extent that the Government finances its own investment in a way that results in lower private investment, the net increase of total investment in the economy is less than the increase from the additional Federal capital outlays alone. The net increase in total investment is significantly less if the Federal investment is financed by borrowing than if it is financed by taxation, because borrowing primarily draws upon the saving available for private (and State and local government) investment whereas much of taxation instead comes out of private consumption. Therefore, the net effect of Federal investment on economic growth would be reduced if it were financed by borrowing. This would be the result even if the rate of return on Federal investment was higher than the rate of return on private investment. For example, if a Federal investment that yielded a 15 percent rate of return crowded out private investment that yielded 10 percent, the net social return would still be positive but it would only be 5 percent.<sup>40</sup>

The present budget proposes to continue to run substantial surpluses, reducing the debt to make room for financing private investment. A capital budget is not a justification to relax the budget constraints that are contributing to this accomplishment. Any easing would undo the gains from achieving a surplus that have already been realized and the further gains from the proposals in this budget.

## PART V: SUPPLEMENTAL PHYSICAL CAPITAL INFORMATION

The Federal Capital Investment Program Information Act of 1984 (Title II of Public Law 98–501; hereafter referred to as the Act) requires that the budget include projections of Federal physical capital spending and information regarding recent assessments of public civil-

ian physical capital needs. This section is submitted to fulfill that requirement.

This part is organized in two major sections. The first section projects Federal outlays for public physical capital and the second section presents information regarding public civilian physical capital needs.

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

<sup>39</sup>This discussion abstracts from non-budgetary transactions that affect Federal borrowing requirements, such as changes in the Treasury operating cash balance and the net financing

disbursements of the direct loan and guaranteed loan financing accounts. See chapter 12 of this volume, “Federal Borrowing and Debt,” and the explanation of Table 12–3.

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

### Projections of Federal Outlays For Public Physical Capital

Federal public physical capital spending is defined here to be the same as the “major public physical capital investment” category in Part I of this chapter. It covers spending for construction and rehabilitation, acquisition of major equipment, and other physical assets. This section excludes outlays for human capital, such as the conduct of education and training, and outlays for the conduct of research and development.

The projections are done generally on a current services basis, which means they are based on 2001 enacted appropriations and adjusted for inflation in later years. The current services concept is discussed in Chapter 14, “Current Services Estimates.”

Federal public physical capital spending was \$130.2 billion in 2000 and is projected to increase to \$182.2 billion by 2010 on a current services basis. The largest components are for national defense and for roadways

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

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

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

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

(In billions of dollars)

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

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

**Table 6-14. CURRENT SERVICES OUTLAY PROJECTIONS FOR FEDERAL PHYSICAL CAPITAL SPENDING**

(In billions of constant 1996 dollars)

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

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

### Public Civilian Capital Needs Assessments

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

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

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

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

### Significant Factors Affecting Infrastructure Needs Assessments

#### Highways

|   |                               |
|---|-------------------------------|
| 1. Projected annual average growth in travel to the year 2017 .....   | 2.16 percent                  |
| 2. Annual cost to maintain 1997 physical conditions on highways ..... | \$50.8 billion (1997 dollars) |
| 3. Annual cost to maintain 1997 physical conditions on bridges .....  | \$5.8 billion (1997 dollars)  |

#### Airports and Airway Facilities

|   |  |
|---|--|
| 1. Airports in the National Plan of Integrated Airport Systems with scheduled passenger traffic ..... | 528  |
| 2. Air traffic control towers .....   | 451  |
| 3. Airport development eligible under airport improvement program for period 1993–1997 .....          | \$29.7 billion (\$9.4 billion for capacity) (1992 dollars) |

#### Mass Transportation Systems

|  |                              |
|--|------------------------------|
| 1. Yearly cost to maintain condition and performance of rail facilities over a period of 20 years .....      | \$7.7 billion (1997 dollars) |
| 2. Yearly cost to replace and maintain the urban, rural, and special services bus fleet and facilities ..... | \$3.1 billion (1997 dollars) |

#### Wastewater Treatment

|   |                              |
|---|------------------------------|
| 1. Total remaining needs of sewage treatment facilities .....   | \$128 billion (1996 dollars) |
| 2. Total Federal expenditures under the Clean Water Act of 1972 through 2000 .....  | \$76 billion                 |
| 3. The population served by centralized treatment facilities: percentage that benefits from at least secondary sewage treatment systems ..... | 99 percent                   |
| 4. States and territories served by State Revolving Funds .....   | 51                           |

#### Housing

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

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

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

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

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

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

#### Water Resources

Water resources projects include navigation (deepwater ports and inland waterways); flood and storm damage protection; irrigation; hydro-power; municipal and industrial water supply; recreation; fish and wildlife mitigation, enhancement, and restoration; and soil conservation.

Potential water resources investment needs typically consist of the set of projects that pass both a benefit-cost test for economic feasibility and a test for environmental acceptability. In the case of fish and wildlife mitigation or restoration projects, the set of eligible projects includes those that pass a cost-effectiveness test.

### Investment Needs Assessment References

#### General

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*Public Works*. Concluding Report of the Federal Infrastructure Strategy Programs. Institute for Water Resources, Alexandria, VA, 1995

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#### Surface Transportation

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### **Federally Assisted Housing**

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*FY 2000 Indian Health Service and Tribal Hospital Inpatient Statistics*.

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Office of Technology Assessment. *Indian Health Care* (OTA 09H 09290). April, 1986.

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## 7. RESEARCH AND DEVELOPMENT FUNDING

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

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

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

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

(Budget authority, dollar amounts in millions)

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

### Federal Research and Development Funding

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

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

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

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

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

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

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

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

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

(Budget authority, dollar amounts in millions)

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

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

(Budget authority, dollar amounts in millions)

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

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

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

### The Federal Science and Technology Budget

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

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

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

**Table 7-3. FEDERAL SCIENCE AND TECHNOLOGY BUDGET**

(Budget authority, dollar amounts in millions)

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

## Notes:

<sup>1</sup> Includes mission support.<sup>2</sup> FY 2002 entries for DOD research represent a projection from the enacted FY 2001 levels plus inflation. FY 2002 levels are subject to change as a result of the Defense Strategy Review now underway.<sup>3</sup> Part of change in 2002 due to transfer from science programs.<sup>4</sup> Excludes state grant programs.<sup>5</sup> 2002 level includes \$95 million unavailable until the last day of FY 2001.<sup>6</sup> Excludes buildings and facilities.<sup>7</sup> Forest and Rangeland Research.<sup>8</sup> Excludes Manufacturing Extension Program.<sup>9</sup> Science and Technology account, including transfer from Superfund.<sup>10</sup> Includes research and development funding for the Federal Highway Administration, the Federal Motor Carrier Safety Administration, and the National Highway Traffic Safety Administration.<sup>11</sup> Federal Aviation Administration Research, Engineering, and Development.<sup>12</sup> National Institute on Disability and Rehabilitation Research.<sup>13</sup> Medical and Prosthetic Research.**Allocation of Federal Funding for Research**

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

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

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

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

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

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

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

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

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

(Budget authority, dollar amounts in millions)

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

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

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

Global Change Research program, as required by statute.

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

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

(Budget authority, dollar amounts in millions)

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

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

**Tax Incentives**

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

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

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

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

(Budget authority, dollar amounts in millions)

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

## 8. CREDIT AND INSURANCE

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

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

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

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

The rest of this chapter is organized as follows.

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

### I. FEDERAL PROGRAMS IN CHANGING FINANCIAL MARKETS

#### The Federal Role

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

In most lines of credit and insurance, the private market efficiently allocates resources to meet societal demands, and Federal intervention is unnecessary. However, Federal intervention may improve the market outcome in some situations. The market imperfections that justify some Federal involvement can be broadly classified as follows.

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

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

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

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

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

### Changing Financial Markets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Implications for Federal Programs

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

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

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

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

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

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

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

## II. A CROSS-CUTTING ASSESSMENT

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

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

## Objectives

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

## Economic Justifications

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

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

## Alternatives

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

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

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

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

## Improving Efficiency

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

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

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

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

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

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

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

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

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

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

### III. CREDIT IN FOUR SECTORS

#### Housing Credit Programs and GSEs

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

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

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

#### Federal Housing Administration

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

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

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

FHA has created a loss mitigation program that scores lender performance on loss mitigation annually and provides financial incentives to lenders to hold down mortgage defaults and minimize FHA claim and property disposition costs relative to other lenders in each FHA insuring district. FHA also has authority to assess financial penalties on lenders who fail to engage in loss mitigation. FHA increased loss mitigation activity by over 50 percent in 2000, processing over 30,000 new loss mitigation claims (partial claims, special lender forbearance, and loan recasting). These options allowed families to stay in their homes, rather than have the properties go to pre-foreclosure sale or foreclosure, and provided significant savings to FHA because management and marketing of real property are very costly.

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

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

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

### **VA Housing Program**

The VA assists veterans, members of the Selected Reserve, and active duty personnel to purchase homes as a recognition of their service to the Nation. The program substitutes the Federal guarantee for the borrower's down payment. In 2000, VA provided \$20 billion in guarantees to assist 176,000 borrowers. Both the volume of guarantees and the number of borrowers were lower than those in 1999 as higher interest rates decreased loan originations and refinancing in the housing market.

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

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

VA is continuing its efforts to reduce administrative costs through restructuring, consolidations, and a study of its property management function. The study, which will be completed in 2001, will determine whether it would be cost effective to contract property management activities. The Administration will also propose eliminating the “vendee” home loan program, which allows the general public to receive direct loan financing from VA when purchasing a defaulted VA home and which is not mission related.

### **Rural Housing Service**

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

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

RHS continues to operate under the "best practice" for asset disposition for its guaranteed loan program. For single family guarantees, the lender is paid the loss claim, including costs incurred for up to three months after the default. After the loss claim is paid, RHS has no involvement in the loan, and it becomes the sole responsibility of the lender.

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

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

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

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

### **Housing Finance Challenges and Opportunities**

Private banks, thrifts, and mortgage bankers, which originate the mortgages that FHA insures and VA and RHS guarantee, may deal with all three programs, as well as with the Government National Mortgage Association (Ginnie Mae, an agency of the Department of Housing and Urban Development), which guarantees timely payment on securities based on pools of these mortgages. In addition, the same private firms originate conventional mortgages, many of which are securitized by Government-sponsored enterprises—Fannie Mae and Freddie Mac.

Many of these firms already use or are moving toward electronic loan origination and automated underwriting. Behind such underwriting are data warehouses that show default experience by type of loan, borrower characteristics, home location, originator, and servicer. Automated valuation models relate these factors to default cost, and provide comparative analysis of home sales data to estimate property collateral values without relying on a human appraiser. After loan origination, software programs grade delinquent loans in terms of their credit and collateral risk and allow servicers to devote resources to the highest-risk loans.

These technological developments offer challenges and opportunities to the Federal mortgage guarantors and Ginnie Mae. Federal credit program managers are challenged to make programs electronically accessible to their clients and loan originators. They are challenged to assess and monitor their risks more closely as private firms are reaching out to the better risks among their potential clients. They also have an opportunity to provide better service at a lower cost, to target their efforts to help borrowers retain their homes, and to reach further to bring affordable housing and homeownership opportunities to those who are not currently served.

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

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

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

**Performance Measurement.** As in underwriting, private firms are heavily involved in servicing Government-backed mortgages. Measurement of the private sector's servicing capacity is thus critical. The Government needs to improve its systems to measure this performance. For example, monthly data would not only give housing programs a better understanding of how their guarantee portfolios behave, but also serve as an early warning system and feedback mechanism. The Government could adjust underwriting standards in quick response to changing market conditions.

**Managing Risk.** Risk-based pricing is emerging in the conventional mortgage market as an important means by which lenders can take on more risk. Technology is giving lenders much more precise ability to assess the initial default risk associated with making a particular loan. This increasingly precise underwriting technology, in turn, allows lenders and insurers to adjust fees or loan rates and/or raise insurance premiums to reflect risk and loan cost accurately. Federal loan guarantee programs will need to assess the impact of private sector customization on their loan portfolios, and may need to adopt a similar pricing structure to avoid adverse selection and larger losses. Currently, premiums vary only slightly with one dimension of risk, the initial loan-to-value ratio.

**Asset Disposition.** Common wisdom in the mortgage industry is to avoid foreclosure because that process involves significant losses, including costs for maintenance and marketing. Managers of Federal guarantee programs have found that the best practice is to allow the more experienced private sector to manage delinquent loans and dispose of properties.

### **Fannie Mae and Freddie Mac**

Fannie Mae and Freddie Mac, the largest Government-sponsored enterprises (GSEs), are required by their charters to increase the liquidity of mortgage funds and to promote access to mortgage credit for households that historically have been underserved by private markets. They carry out this function by guaranteeing or purchasing residential mortgages. The guaranteed loans are packaged as mortgage-backed securities (MBS), which lenders hold or sell to investors, including Fannie Mae and Freddie Mac. The two GSEs finance their acquisitions of loan and MBS assets by issuing debt. As of September 2000, Fannie Mae and Freddie Mac had \$2.2 trillion outstanding in mortgages that they had purchased or guaranteed. Of this, \$936 billion was held in the GSEs' asset portfolios, and \$1.3 trillion served as collateral for outstanding MBSs not held in portfolio.

As the dominant firms in the secondary mortgage market, the GSEs tend to set the standards for the entire mortgage industry. Their business activities also have a significant impact on the primary mortgage market; together, the two firms' purchases and securitizations of single-family mortgages equaled 43 percent of originations of such loans in calendar year 1999.

The Federal Housing Enterprises Safety and Soundness Act of 1992 reformed Federal regulation of Fannie Mae and Freddie Mac. The Act created the Office of Federal Housing Enterprise Oversight (OFHEO) to conduct safety and soundness examinations and enforce minimum (leverage) and risk-based capital requirements on Fannie Mae and Freddie Mac. Examinations of the GSEs and enforcement of leverage capital ratios have proceeded since OFHEO's inception, while risk-based capital requirements have undergone an extensive rulemaking process. OFHEO expects to publish a final risk-based capital rule this year. The rule would become enforceable one year later. In October 2000, Fannie Mae and Freddie Mac announced that they would voluntarily issue subordinated debt on a regular basis and expand their public disclosures relating to risk exposures.

Fannie Mae and Freddie Mac have achieved strong growth in profits in recent years, in large part by rapidly growing their debt-financed holdings of mortgage assets. From September 1997 to September 2000, their mortgage asset portfolios more than doubled in dollar volume. Increased retained portfolios may imply increased interest rate exposure. In recent years, both Fannie Mae and Freddie Mac have tried to limit the interest rate risk on their portfolios by issuing long-term callable debt and by entering into interest rate swaps and other hedging transactions. Hedges, however, do not eliminate all the risk associated with funding long-term, mostly fixed-rate assets that have uncertain payment streams. Implementation of an appropriate risk-based capital regulation should help limit the potential losses associated with interest rate risk.

To fund their rapidly growing asset portfolios, Fannie Mae and Freddie Mac have increased sharply their outstanding debt. The GSEs' combined debt outstanding rose from \$196 billion at the end of calendar year 1992 to \$1.07 trillion at the end of calendar year 2000, an average growth rate of nearly 24 percent a year.

The GSEs' management of counterparty default risk is of increasing importance because their risk management techniques transform exposure to credit or interest rate risk into counterparty default risk. Such risk management techniques include the use of credit enhancements and derivatives; supplementing primary mortgage insurance with supplementary insurance at the pool level; and the use of interest rate and currency swaps.

The average credit quality of mortgages owned or guaranteed by Fannie Mae and Freddie Mac has remained steady in recent years. The performance of existing loans has benefitted from strong housing markets

that have improved collateral values, and the credit risk to the GSEs from new or outstanding loans is limited by their extensive use of mortgage insurance and other credit enhancements. Although both GSEs are increasingly active purchasers of subprime loans (A-minus and Alt-A), outstanding volumes remain very small relative to the firms' overall size. In 2000, Fannie Mae and Freddie Mac began purchasing mortgages with loan-to-value (LTV) ratios greater than 97 percent. As the subprime and high-LTV shares of mortgages financed by the GSEs expand, increasing attention must be paid to their practices for pricing and managing the associated risks.

The above risk assessments must be considered in the context of the GSEs' public purpose to promote access to mortgage credit for low- and moderate-income families in underserved areas, as specified in the 1992 act and their Federal charters. The Secretary of Housing and Urban Development (HUD) establishes affordable housing goals for the GSEs. A final rule published October 31, 2000 established goals for the GSEs for calendar years 2001–2003. The rule requires each GSE to devote:

- 50 percent of its mortgage purchases to finance dwelling units that are affordable by low- and moderate-income families (Low- and Moderate-Income Housing Goal);
- 31 percent of its purchases to finance units in central cities, rural areas, and other metropolitan areas with low and moderate income and high concentrations of minority residents (Geographically Targeted Goal); and
- 20 percent of its purchases to finance units that are special affordable housing for very-low-income families and low-income families living in low-income areas (Special Affordable Goal).

The 1997–2000 goals were 42 percent, 24 percent, and 14 percent of each GSE's purchases, respectively. As of 1999, Fannie Mae and Freddie Mac have met or exceeded the affordable housing goals in each year.

Fannie Mae and Freddie Mac face challenges to sustaining their high rates of profit growth. A small number of large originators account for a large proportion of the single-family mortgages that the GSEs buy and securitize. Larger firms may have somewhat greater market power in negotiating with the GSEs over guarantee fees. Further, total mortgage debt financed by Fannie Mae and Freddie Mac has been increasing more quickly than residential mortgage debt outstanding, which suggests that their charters could eventually limit the GSEs' ability to expand their mortgage asset portfolios. There also may be limits to the amount of mortgage securities the GSEs can finance with debt at attractive margins and the amount of counterparty risk exposure to Fannie Mae and Freddie Mac that other market participants are willing to absorb. The benefit of government sponsorship, however, is one factor that may help Fannie Mae and Freddie Mac to maintain relatively high profitability.

### Federal Home Loan Bank System

The Federal Home Loan Bank System (FHLBS) was established in 1932 to provide liquidity to home mortgage lenders. The FHLBS carries out this mission by issuing debt and using the proceeds to make advances (secured loans) to its members. Member institutions primarily secure advances with residential mortgages and other housing-related assets.

The Financial Services Modernization Act of 1999 repealed the requirement that federally chartered thrifts be members of the FHLBS. Membership is open to federally chartered and state-chartered thrifts, commercial banks, credit unions, and insurance companies on a voluntary basis. As of September 30, 2000, 7,720 financial institutions were FHLBS members, an increase of 494 over September 1999. About 73 percent of members are commercial banks, 20 percent are thrifts, and the remaining 7 percent are credit unions and insurance companies. However, 57.8 percent of outstanding FHLBS advances were held by thrifts as of September 30, 2000.

The FHLBS reported net income after adjustment for payment of interest to the Resolution Funding Corporation (REFCorp) of \$2.1 billion for the year ending September 30, 2000, up from \$1.7 billion in the previous 12 months. System capital rose from \$26.9 billion to \$30.6 billion, while the ratio of capital to assets fell from 5.1 percent to 4.9 percent. Average return on equity was about 7.5 percent (after REFCorp). Outstanding advances to members reached \$430 billion at September 30, 2000, an 18 percent increase over the \$365 billion outstanding a year earlier.

The Financial Services Modernization Act requires the System to adopt a risk-based capital structure, and the Federal Housing Finance Board (Finance Board) approved a final capital rule on December 20, 2000, to implement this requirement. The Financial Services Modernization Act changed the FHLBanks' annual payment towards the interest payments on bonds issued by the REFCorp from \$300 million annually to 20 percent of net earnings. The FHLBanks are required to pay the greater of 10 percent of net income or \$100 million to the Affordable Housing Program (AHP) and to provide discounted advances for targeted housing and community investment lending through a Community Investment Program. The need to generate income to meet the REFCorp and AHP obligations and still provide a competitive return on members' investment was a driving force behind the substantial increase in the System's investment activity in recent years.

The FHLBS' exposure to credit risk on advances has traditionally been virtually nonexistent. All advances to member institutions are collateralized, and the FHLBanks can call for additional or substitute collateral during the life of an advance. No FHLBank has ever experienced a loss on an advance to a member.

The System's investment activities, including mortgage purchase programs, create more risks. To control the System's risk exposure on advances and other assets, the Finance Board has established regulations and

policies that the FHLBanks must follow to evaluate and manage their credit and interest-rate risk. FHLBanks must file periodic compliance reports, and the Finance Board conducts an annual on-site examination of each FHLBank. Each FHLBank's board of directors must establish risk-management policies that comport with Finance Board guidelines.

The FHLBanks held \$14.7 billion in mortgage loans at September 30, 2000, approximately 2.3 percent of total assets. The mortgage purchase programs offer members alternative ways of granting credit. In one of these programs, the FHLBanks finance mortgage loans and assume the interest-rate and prepayment risks, while the members originate and service the loans and assume most of the credit risk. All assets held by an FHLBank under these mortgage purchase programs are required, pursuant to the terms of the program, to be credit enhanced to at least the level of an investment-grade security. In addition, an FHLBank must hold risk-based capital against mortgage assets that have credit risk equivalent to an instrument rated lower than double A.

The FHLBanks' investment activities also pose important public policy issues about the degree to which their asset composition adequately reflects the mission of the System. Advances and mortgage loans were equivalent to about 77 percent of the System's out-

standing debt, unchanged from one year earlier. As of September 30, 2000, about 52 percent of advances had a remaining maturity of greater than one year—down from 56 percent one year earlier. Although System investments other than advances rose to \$178 billion as of September 30, 2000, compared with \$156 billion one year earlier, as a percentage of total assets, they fell to 28 percent on September 30, 2000, from 29 percent one year earlier. Like other GSEs, the System issues debt securities at close to U.S. Treasury rates and invests the proceeds in higher-yielding securities. In 2000, the FHLBS issued \$3.9 trillion in debt securities. However, the majority of the debt issued by the System is overnight or short-term, and total debt outstanding was about \$577 billion at the end of 2000.

An enormous, liquid, and efficient capital market exists for conventional home mortgages today. As a result of Government Sponsored Enterprises (GSEs), Ginnie Mae, and the increasing presence of private securitizers, lenders have access to substantial liquidity sources, in addition to FHLBS advances, for financing home mortgages. The Financial Services Modernization Act further increases access to the FHLBS for community financial institutions with \$517 million or less in assets by permitting advance borrowings that provide funds for small businesses, small farms, and small agribusinesses.

### Education Credit Programs and GSEs

The Federal Government guarantees loans through intermediary agencies and makes direct loans to students to encourage post-secondary education. The Student Loan Marketing Association (Sallie Mae), a GSE, securitizes guaranteed student loans.

#### Student Loans

The Department of Education helps to finance student loans through two major programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Student Loan (Direct Loan) program. Eligible institutions of higher education may participate in either or both programs. Loans are available to students and their parents regardless of income. Borrowers with low family incomes are eligible for higher interest subsidies. For need-based Stafford Loans, the Federal Government subsidizes interest costs while borrowers are in school, during a six-month grace period, and during certain deferment periods.

In 2002, more than 6 million borrowers will receive nearly 10 million loans totaling almost \$48 billion. Of this amount, \$37 billion is for new loans, and the remainder is to consolidate existing loans. Loan levels have risen dramatically over the past 10 years as a result of rising educational costs, higher loan limits, and more eligible borrowers.

The Federal Family Education Loan program provides loans through an administrative structure involving over 4,100 lenders, 36 State and private guaranty agencies, 50 participants in the secondary market, and

over 4,000 participating schools. Under FFEL, banks and other eligible lenders loan private capital to students and parents, guaranty agencies insure the loans, and the Federal Government reinsures the loans against borrower default. In 2002, FFEL lenders will disburse more than 6 million loans exceeding \$31 billion in principal. Lenders bear two percent of the default risk, and the Federal Government is responsible for the remainder. The Department also makes administrative payments to guaranty agencies and pays interest subsidies to lenders.

The William D. Ford Direct Student Loan program, originally included in the 1992 Budget as a demonstration project, was authorized by the Student Loan Reform Act of 1993. Under Direct Loans, the Federal Government provides loan capital directly to over 1,200 schools, which then disburse loan funds to students. In 2002, the Direct Loan program will generate more than 3 million loans with a total value in excess of \$17 billion. The program offers a variety of flexible repayment plans including income-contingent repayment, under which annual repayment amounts vary based on the income of the borrower and payments can be made over 25 years.

While projected loan volumes continue to increase under both the FFEL and FDSL programs, lifetime subsidy costs are projected to decrease in both programs. For 2002, the weighted average subsidy rate for FFEL program is estimated at 12.18 percent and the rate for FDSL is estimated at -8.73 percent. These subsidy

rates are lower than previous projections as a result of changes in interest rates, as well as decreased lifetime default rates and improved collections on defaults. The difference in subsidy rates is primarily a result of net interest income on FDSL; the interest income exceeds the Government's cost of funds under current economic assumptions. FFEL does not provide the Government with interest income because it is a guaranteed loan program.

Consolidation Loans, which allow borrowers to combine one or more FFEL, Direct Loan, or other Federal student loan into a single loan with a fixed interest rate, have grown dramatically in recent years. In 1995, Consolidation Loans totaled \$3.6 billion, accounting for roughly 13 percent of overall student loan volume. In 2000, the program had grown to over \$11 billion, making up a quarter of all student loan volume. This trend, which reflects an over 200 percent increase from 1995 to 2000, is expected to peak in 2001, when projected Consolidation Loans will total more than \$14 billion, or nearly 30 percent of overall loan volume. With temporary Direct Loan interest rate discounts ending on September 30, 2001, consolidation volume is projected to drop back to \$11 billion in 2002, after which it is expected to grow at approximately 4 percent annually.

As one of Education's performance management objectives, modernizing student aid benefit delivery is a key priority. Accordingly, in 1998 Congress created Student Financial Assistance (SFA) as the Government's first Federal performance-based organization. SFA is working to improve the management of all student aid programs, using its expanded procurement and contracting flexibility, with a focus on re-engineering information systems and expanding electronic data exchange to improve customer service, enhance data quality, and lower costs. SFA is working with students, lenders, guaranty agencies, and others to implement a strategic performance plan to address customer needs, enabling more students to gain information on Federal aid on the Internet, apply for it electronically, and have their eligibility determined quickly.

For Fiscal Year 2002, the Administration is proposing to address the shortage of qualified, skilled math and

science teachers in elementary and secondary schools by increasing the amount of forgivable guaranteed and direct student loans from \$5,000 to \$17,500 for teachers who majored or minored in science, math, technology, or engineering and who commit to teach for five years in high-need schools. This proposal builds upon the teacher loan forgiveness program authorized in the 1998 Higher Education Amendments. High-need schools would include those with a high concentration of low-income students and those in which there is a large proportion of out-of-field math and science teachers.

### **Sallie Mae**

The Student Loan Marketing Association (Sallie Mae) was chartered by Congress in 1972 as a for-profit, shareholder-owned, Government-sponsored enterprise (GSE). Sallie Mae was privatized in 1997 pursuant to the authority granted by the Student Loan Marketing Association Reorganization Act of 1996. The GSE is a wholly owned subsidiary of USA Education, Inc. and must wind down and be liquidated by September 30, 2008. The Omnibus Consolidated and Emergency Supplemental Appropriations for 1999 allows the USA Education, Inc. to affiliate with a financial institution upon the approval of the Secretary of the Treasury. Any affiliation will require the holding company to dissolve the GSE within two years of the affiliation date (unless such period is extended by the Department of the Treasury).

Sallie Mae makes funds available for student loans by providing liquidity to lenders participating in the FFEL program. Sallie Mae purchases guaranteed student loans from eligible lenders and makes warehousing advances (secured loans to lenders). Generally, under the privatization legislation, the GSE cannot engage in any new business activities or acquire any additional program assets other than purchasing student loans. The GSE can continue to make warehousing advances under contractual commitments existing on August 7, 1997. Sallie Mae currently holds nearly 40 percent of all outstanding guaranteed student loans.

## **Business and Rural Development Credit Programs and GSEs**

The Federal Government guarantees small business loans to promote entrepreneurship. The Government also offers direct loans and loan guarantees to farmers who may have difficulty obtaining credit elsewhere and to rural communities that need to develop and maintain infrastructure. Two GSEs, the Farm Credit System (FCS) and the Federal Agricultural Mortgage Corporation (Farmer Mac), increase liquidity in the agricultural lending market.

### **Small Business Administration**

The Small Business Administration (SBA), created in 1953, provides financial assistance to the small business sector. Traditionally, small firms have faced dif-

ficulty obtaining long-term loans in the private marketplace because they tend to have limited credit history and cash flows. SBA's role as a "gap" lender is to correct these market imperfections and provide credit access during economic downturns.

The Administration's 2002 Budget anticipates that the SBA will make available in excess of \$17.5 billion through its lending programs. The 7(a) General Business Loan program, SBA's primary lending vehicle, will support approximately \$10.7 billion in loans. SBA will supplement the capital of Small Business Investment Companies (SBICs), which provide equity capital and long-term loans to small businesses, with \$3.1 billion in participating securities and guaranteed debentures.

Just as SBA's Section 504 Certified Development Company program has operated with a zero subsidy rate for several years, the 2002 Budget proposes to make the 7(a) and SBIC programs self-financing through fee increases, saving \$141 million in government subsidies. The budget proposes a program level of \$3.75 billion for the 504 program. The Administration's fee proposal acknowledges that some small businesses may have trouble accessing capital but do not require the government to subsidize their cost of borrowing.

While the Administration continues to support government guaranteed lending for small businesses, the advent of interstate banking combined with passage of the Gramm-Leach-Bliley Financial Modernization Act of 1999, have also significantly expanded small businesses' access to capital. In addition, the venture capital market has matured over the last twenty years and may no longer need the same level of government intervention. The venture capital market has grown from approximately \$800 million in capitalized funds in the late 1960s, to \$35 billion in the late 1980s, and to over \$124 billion in 1998.

**More Emphasis on Small Loans.** The budget also supports \$20.5 million in Microloans (\$35,000 and under) with \$20 million in associated technical assistance to increase borrowers' probability of success. In recent years, the amount of 7(a) support for small loans (under \$150,000) has decreased from \$2.1 billion in 1995 to less than \$1 billion in 1999. To further help people whose business needs for small loans are not met by private lenders, the SBA has implemented changes enacted in 2001 intended to expand the number of small 7(a) loans, by making these loans more cost effective for borrowers and lenders.

**Reliance on Private Sector Partners.** SBA has relied increasingly on private sector partners for loan servicing and liquidation. The 7(a) program, which accounted for more than 70 percent of SBA's business lending in 2000, has experienced the greatest shift to private sector partnership. Under the Preferred Lender Program (PLP), SBA's most experienced lenders have authority to approve, service, and liquidate SBA-guaranteed loans without a credit review by SBA. Loans approved through PLP lenders comprised 7 percent of all 7(a) loan approval dollars in 2000. SBA also requires all PLP and non-PLP lenders to service and liquidate their SBA-guaranteed loans.

**Management Reform Initiative.** Because the loan servicing function is performed more efficiently and effectively in the private sector, Federal agencies are using a variety of debt collection tools to transform their functions from loan servicing to portfolio management and oversight. In SBA's case, the asset sales program is allowing the agency to redirect loan servicing resources to more effectively monitor the performance of its loan portfolio and mitigate the government's risk. SBA is now at a point where further efficiencies can be achieved by consolidating or contracting out the loan

servicing function and closing redundant operations. To accomplish this, the budget requests \$2 million to provide training and relocation assistance to SBA employees to assist with this agency-wide transformation.

**Improving Lender Oversight.** Over the past several years, SBA has substantially increased the size of its loan portfolio, delegated eligibility and credit approval authority for a majority of SBA loans through the Preferred Lender Program (PLP), and assigned responsibility for servicing and liquidating SBA loans to its private sector partners. At the same time, SBA has reduced the level of staff devoted to performing these functions within the Agency. These trends require SBA to (1) improve its oversight of lenders involved in the various SBA loan programs to ensure that SBA lenders exercise adequate fiduciary responsibility in their management of the loans guaranteed by the SBA; and (2) adopt risk management techniques to better identify and understand the performance characteristics of the SBA portfolio in order to make informed policy decisions about SBA loan programs. Lender Oversight will evaluate individual SBA lenders through analysis of a variety of factors including overall financial performance and related trends and ratio analysis, industry concentrations analysis, peer lending performance comparisons, SBA portfolio performance analysis, and selected credit reviews. The oversight program also encompasses on-site safety and soundness examinations and off-site monitoring of the Small Business Lending Companies (SBLCs), and compliance reviews of SBA lenders. Lender Oversight will also evaluate the various SBA loan programs to identify performance trends, identify predictors of risk, compare lender performance, and promote best practices.

**Systems Modernization Initiative.** To improve its data collection and program and portfolio management responsibilities, SBA will continue its Systems Modernization initiative, requesting \$8 million in 2002 to invest in the Agency's information systems. This funding will allow SBA to continue improving internal accounting systems, develop the necessary in-house systems to support lender monitoring, and enhance SBA's centralized corporate database to allow better program management and improve loan processing efficiency for lenders and SBA staff.

**Loan Asset Sales.** One of the most significant events in completing the transition from loan servicing to lender oversight is SBA's sale of its current portfolio of defaulted guaranteed loans and direct loans. In its first asset sale in 1999, SBA sold more than 4,000 loans for \$195 million—a substantial premium over what the Agency's outside expert estimated it would have collected if it held these loans to maturity. The portfolio included performing and non-performing 7(a) and Certified Development Companies (CDC) loans. SBA conducted two sales of approximately \$1 billion each in 2000, which included 7(a), CDC, and disaster assistance business and home loans. Drawing on the experience

of other Federal agencies, the SBA's analysis of its portfolio value stemming from its Liquidation Improvement Project, and the results of the initial asset sales, the Administration estimates that SBA's business loan assets can be sold at a gain to the Government.

### **USDA Rural Infrastructure and Business Development Programs**

USDA provides grants, loans, and loan guarantees to communities for constructing facilities such as health-care clinics, day-care centers, and water and wastewater systems. Direct loans are available at lower interest rates for lower-income communities. The community facility programs are targeted to rural communities with fewer than 20,000 residents (fewer than 10,000 residents for the water and wastewater programs). These community programs have very low default rates. The cost associated with them is due primarily to subsidized interest rates that are below the prevailing Treasury rates.

USDA also provides grants, direct loans, and loan guarantees to assist rural businesses, including cooperatives, to increase employment and diversify the rural economy. In 2002, USDA proposes to provide \$1 billion in loan guarantees to rural businesses. The 2002 Budget includes an increase in the premium charged on the Business and Industry (B&I) guaranteed loans. The fee will be raised to 3.25 percent (2.25 percent for targeted areas), which is reflected in the 2.74 percent subsidy rate. This allows more loans to be made at less cost to the taxpayers.

The Budget does not include funding for the Direct B&I program. The B&I direct program has had authority to provide \$50 million in loans since 1997 (the first year of the program), but has yet to utilize the full amount. Further, the subsidy rate has gone from being negative in 1997 through 2000 to 6 percent in 2001, and to 28 percent for 2002, indicating a much higher default rate than originally anticipated (the rate rose dramatically, even though lower discount rates between 2001 and 2002 make direct loans less expensive). Direct B&I borrowers must have been rejected from a private bank in order to qualify. The high default rate indicates that the program is not providing long-term, stable jobs to rural America. The borrowers are defaulting, and the businesses are failing.

These community programs are all part of the Rural Community Advancement Program (RCAP). Under RCAP, States have increased flexibility within the three funding streams for Water and Wastewater, Community Facilities, and Business and Industry. USDA State Directors have the authority to transfer up to 25 percent of the funding between any of the programs contained within a stream in order to tailor RCAP assistance to the specific rural economic development needs of individual States. USDA also provides loans through the Intermediary Relending Program (IRP), which provides loan funds at a 1 percent interest rate to an intermediary such as a State or local government agency that, in turn, provides funds for economic and com-

munity development projects in rural areas. In 2002, USDA expects to retain or create 58,000 new jobs through the B&I guarantee and the IRP loan programs.

### **Electric and Telecommunications Loans**

USDA's rural electric and telecommunications program makes new loans to maintain existing infrastructure and to modernize electric and telephone service in rural America. Historically, the Federal risk associated with the \$40 billion loan portfolio in electric and telephone loans has been small, although several large defaults occurred in the electric program. In 1997, \$667 million, largely nuclear power construction loans, was written off, but this case was an exception.

The subsidy rates for the electric and telecommunications programs are lower than previous years mainly due to the lower Treasury rate in the economic assumptions. The default rates for both programs are very low. With the increase of deregulation, however, there is the possibility of increased defaults in the electric program since deregulation may erode loan security and the ability of some borrowers to repay. As information on the impact of deregulation increases, this risk will be factored into the default rates.

Maintaining the goal of "affordable, universal service" is of concern to USDA. Many rural cooperatives are by nature high cost providers of electricity because there are fewer subscribers per line-mile than in urban areas. USDA's Rural Utilities Service (RUS) proposes to make \$2.6 billion in direct and guaranteed loans in 2002 to rural electric cooperatives, public bodies, nonprofit associations, and other utilities in rural areas for generating, transmitting, and distributing electricity. Included in this funding request is \$100 million for private sector guarantees. The demand for loans to rural electric cooperatives is expected to continue to rise as borrowers replace many of the 40-year-old electric plants. With the \$2.6 billion in loans, RUS borrowers are expected to upgrade 187 rural electric systems, which will benefit over 2.8 million customers and create or preserve approximately 60,200 jobs.

USDA's RUS proposes to make \$495 million in direct loans in 2002 to companies providing telecommunications in rural areas. The uses of the telecommunication loans are changing from bringing service to new customers to upgrading existing service with new technology. With the \$495 million in loans, RUS borrowers are expected to provide over 50 telecommunication systems with funding for advanced telecommunications services benefiting over 300 thousand rural customers and providing broadband and high-speed Internet access.

The Rural Telephone Bank (RTB) provides financing for rural telecommunications systems. The 2002 Budget proposes the elimination of funding to support new loans. This is expected to generate increased member and borrower support for statutorily authorized privatization. The RTB is financially able to privatize by the end of 2002, and this provides enough time to perform a privatization study and prepare for privatization. The

RTB is provided full salaries and expenses to service existing loans, to perform a privatization study, and prepare for privatization by the end of 2002.

The Distance Learning and Telemedicine program provides grants and loans to encourage and improve telemedicine and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. With the \$25 million in grants and \$300 million in loans, RUS borrowers are expected to provide distance learning facilities to 300 schools, libraries, and rural education centers and telemedicine equipment to 150 rural health care providers, benefitting millions of residents in rural America.

RUS is proposing the creation of a new program to fund \$2 million in grants and \$100 million in Treasury rate loans in 2002 to be used in a grant/loan combination to finance installation of broadband transmission capacity (i.e. the fiber optic cable capacity needed to provide enhanced services such as the Internet or high speed modems) to and through rural communities. The other purpose for which RUS would provide a loan and grant combination would be local dial-up Internet service to underserved areas. These funds could be targeted to communities that currently lack Internet access via a local call. Recipients of these loans and grants would be current RUS telecommunication cooperatives and businesses serving rural areas and rural communities.

### **Loans to Farm Operators**

Farm Service Agency (FSA) direct and guaranteed operating loans provide credit to farmers and ranchers for annual production expenses and purchases of livestock, machinery, and equipment. Direct and guaranteed farm ownership loans assist producers in acquiring their farming or ranching operations. As a condition of eligibility for direct loans, borrowers must have been denied private credit at reasonable rates and terms, or they must be beginning or socially disadvantaged farmers. Loans are provided at Treasury rates or 5 percent. As FSA is the "lender of last resort," high defaults and delinquencies are inherent in the direct loan program; over \$15 billion in direct farm loans have been written off since 1990.

FSA guaranteed farm loans are made to more credit-worthy borrowers who have access to private credit markets. Because the private loan originators must retain 10 percent of the risk, they exercise care in examining borrower repayment ability. As a result, guaranteed farm loans have not experienced losses as high as those on direct loans.

The 1999 Appropriations Bill changed portions of the servicing requirements for delinquent borrowers. A borrower who has received an FSA loan write-down or write-off may now be eligible for an additional farm operating loan when the borrower is current under a debt reorganization plan or in certain emergency circumstances. Property acquired through foreclosure on direct loans must now be sold at auction within 105

days of acquisition, and leasing of inventory property is no longer permitted except to beginning farmers. Prior to the 1996 Farm Bill, acquired property remained in inventory on average for five years before the FSA could dispose of it.

### **The Farm Credit System and Farmer Mac**

The Farm Credit System (FCS or System) and the Federal Agricultural Mortgage Corporation (Farmer Mac) are GSEs that enhance credit availability for the agricultural sector. The FCS raises its loan funds by selling securities in national and international markets, while Farmer Mac provides a secondary market for agricultural real estate and rural housing mortgages. Both GSEs face a business risk exceeding that of other GSEs because their borrowers are generally dependent on a single economic sector, agriculture. The Farm Credit Banks are also geographically limited, although new regulations permitting national charters for System could loosen those restrictions in 2001. The downturn in the agricultural economy in the 1980s led the FCS to the brink of insolvency. Legislation in 1987 provided temporary Federal assistance to bail out the FCS and created Farmer Mac.

The Nation's agricultural sector and its lenders continue to exhibit stability in their income and balance sheets, thanks in part to record Government emergency assistance payments in 1999 and 2000. Commodity prices remained low in 2000, and long term forecasts are for very gradual recovery. Farm income levels, including Government payments, have enabled most borrowers to maintain low debt-to-asset ratios, and lenders to keep loan delinquencies well below problem thresholds. Farmland values gained modestly in 2000, as inflationary expectations remain low. However, such aggregate facts may mask the problems of certain sectors within the farm economy.

Another sign of the generally stable condition of agricultural finance is the greater share of credit provided by commercial banks. From 1986 to 1999, commercial banks' share of all farm debt increased from 26 percent to 41 percent, while the share for FCS declined from 29 percent to 26 percent. The United States Department of Agriculture (USDA) direct farm loan programs went from a market share of 15 percent to 5 percent though, if adjusted for its guaranteed loans issued through private banks, that percentage would more than double. USDA expects that both commercial banks and the FCS have maintained their market share in 2000.

### **The Farm Credit System**

The financial condition of the Farm Credit System banks and associations during 2000 continued a 12-year trend of improving financial health and performance. Non-performing loans decreased to 1.5 percent of the portfolio in September 2000, down from 1.6 percent in 1999. Loan volume has gradually increased since 1995, although the \$73.0 billion in September 2000 was still below the high of over \$80 billion in the early 1980s. Competitive pressures have narrowed

the FCS's net interest margin from 3.03 percent in 1995 to 2.74 percent in 2000.

Improved asset quality and income enabled FCS to post record capital levels: by September 30, 2000, capital stood at \$14 billion—an increase of 7 percent for the year. Not included in this capital are investments set aside to repay about \$600 million of the \$1.3 billion of Federal assistance provided through the Financial Assistance Corporation (FAC). The System has adopted an annual repayment mechanism required of FCS institutions to cover the remainder. The FCS has further reduced its risk exposure by using marginal cost loan pricing and asset/liability management practices designed to reduce its interest rate risk. Substantial consolidation continues in the structure of the FCS. In January 1995 there were 9 banks plus 232 associations; by October 2000, there were 7 banks and 158 associations.

The 1987 legislation established the FCS Insurance Corporation to insure timely payment of interest and principal on FCS obligations. Insurance Fund balances, largely comprised of premiums paid by FCS institutions, supplement the System's capital and the joint and several liability of all System banks for FCS obligations. On September 30, 2000, the Insurance Fund's net assets were \$1.4 billion and are estimated to maintain the legally required level of at least two percent of outstanding debt in 2001.

Improvement in the FCS's financial condition is also reflected in the evaluations of FCS member institutions by the Farm Credit Administration (FCA), its Federal regulator. The FCA Financial Institution Rating System (FIRS) rates each of the System's institutions for capital, asset quality, management, earnings, liquidity, and sensitivity (CAMELS). At the beginning of 1995, 197 institutions carried the best CAMELS ratings of "1" or "2," 36 were rated "3," 1 institution was rated "4" and no institutions received the lowest rating of "5." By September 2000, in contrast, 165 institutions were given the top ratings, only 1 was rated "3," and none was rated "4" or "5." As of September 30, 2000, there were no FCS institutions under an enforcement action.

FCS loans outstanding as of September 2000 were \$73 billion, up 4 percent over 1999, and representing a 28 percent increase since 1995. Loans to farmers and other eligible producers comprise 72 percent of the System's portfolio. The volume of lending secured by farmland has increased about 25 percent while farm-operating loans have increased over 37 percent since 1995. Loans to finance processing, marketing, credit cooperatives, and rural utilities cooperatives accounted for 22

percent of FCS's portfolio at fiscal year-end 1999. The remaining 6 percent of the portfolio is made up of non-farm rural home loans (2.5 percent) and international loans (3.5 percent).

The USDA expects 2000 net farm income to be \$45 billion, up slightly from 1999. These strong reported earnings and farm income generally have relied heavily on Government assistance payments in recent years. Federal payments of \$22 billion in 2000 (and totaling nearly \$70 billion since 1996) to farmers and ranchers compensated for depressed commodity prices and declining exports. The Farm Credit System, while continuing to record strong earnings and capital growth, remains exposed to numerous risks, including concentration risk, changes in Government assistance payments, and the volatility of exports and crop prices.

### **Farmer Mac**

Farmer Mac was established in 1987 to create and oversee a secondary market for farm real estate and rural housing loans. Since the 1987 Act, Farmer Mac's authorities have been legislatively expanded to permit it to issue its own debt securities, and to purchase and securitize the guaranteed portions of farm program, rural business, and community development loans guaranteed by the USDA (known as the "Farmer Mac II" program). The Farm Credit System Reform Act of 1996 transformed Farmer Mac from just a guarantor of securities formed from loan pools into a direct purchaser of mortgages in order to form pools to securitize.

The 1996 Act was passed in response to a steady erosion of Farmer Mac's capital base. Revenues had not met expectations and showed no prospect of improvement. The powers increase commercial banks' incentives to participate in Farmer Mac authorities, which has increased Farmer Mac's ability to achieve its statutory mission. However, these authorities also subject Farmer Mac to additional risk. As a direct purchaser of loans, it must rely wholly on its own underwriting standards. Because Farmer Mac is now exposed to greater risk, it must set appropriate fees and ensure adequate capital reserves.

Both loan purchases and guarantees have increased since the passage of the 1996 Act. Both trends indicate positive progress in developing an agricultural secondary market. The 1996 Act also gave Farmer Mac three additional years to reach its capital requirements. At year-end 2000, Farmer Mac's core capital reached \$101 million—and was fully compliant with the revised regulatory capital requirements.

## **International Credit Programs**

### **International Credit Programs**

Seven Federal agencies, the Department of Agriculture (USDA), the Department of Defense, the Department of State, the Department of the Treasury, the Agency for International Development (AID), the Export-Import Bank, and the Overseas Private Invest-

ment Corporation (OPIC), provide direct loans, loan guarantees, and insurance to a variety of foreign private and sovereign borrowers. These programs are intended to level the playing field for U.S. exporters, deliver robust support for U.S. manufactured goods, sta-

bilize international financial markets, and promote sustainable development.

**Leveling the playing field.** Federal lending counters subsidies that foreign governments, largely in Europe and Japan, provide their exporters usually through export credit agencies (ECAs). The U.S. government has worked since the 1970's to constrain official credit support through a multilateral agreement in the Organization for Economic Cooperation and Development (OECD). This agreement has significantly constrained direct interest rate subsidies and tied-aid grants. Further negotiations resulted in a multilateral agreement which standardized the fees for sovereign lending across all ECA's beginning in April 1999. Fees for non-sovereign lending, however, continue to vary widely across ECAs and markets, thereby providing implicit subsidies.

The Export-Import Bank attempts to strategically "level the playing field" and to fill gaps in the availability of private export credit. The Export-Import Bank provides export credits, in the form of direct loans or loan guarantees, to U.S. exporters who meet basic eligibility criteria and who request the Bank's assistance. USDA's "GSM" programs similarly help to level the playing field. Like programs of other agricultural exporting nations, they guarantee payment from countries and entities that want to import U.S. agricultural products but cannot easily obtain credit. The U.S. has been negotiating in the OECD the terms of agricultural export financing, the outcome of which could affect the GSM programs.

**Stabilizing international financial markets.** In today's global economy, the health and prosperity of the American economy depend importantly on the stability of the global financial system and the economic health of our major trading partners. The United States can contribute to orderly exchange arrangements and a stable system of exchange rates by providing resources on a multilateral basis through the IMF (discussed in other sections of the Budget), and through financial support provided by the Exchange Stabilization Fund (ESF).

The ESF may provide "bridge loans" to other countries in times of short-term liquidity problems and financial crises. In the past, "bridge loans" from ESF provided dollars to a country over a short period before the disbursement to that country under an IMF loan. Also, a package of up to \$20 billion of medium-term ESF financial support was made available to Mexico during its crisis in 1995. Such support was essential in helping to stabilize Mexican and global financial markets. Mexico paid back its borrowings under this package ahead of schedule in 1997, and the United States earned almost \$600 million in interest. There was zero subsidy cost for the United States as defined under credit reform, as the medium-term credit carried interest rates reflecting an appropriate country risk premium.

The United States also expressed a willingness to provide ESF support in response to the financial crises affecting some countries such as South Korea in 1997 and Brazil in 1998. It did not prove necessary to provide an ESF credit facility for Korea, but the United States agreed to guarantee through the ESF up to \$5 billion of a \$13.2 billion Bank for International Settlements credit facility for Brazil. Such support helped to provide the international confidence needed by these countries to begin the stabilization process.

**Using credit to promote sustainable development.** Credit has become an increasingly important tool in U.S. bilateral assistance to promote sustainable development. Development Credit Authority (DCA) is a legislative authority allowing the use of credit by USAID to support its development activities abroad. DCA provides non-sovereign loans and loan guarantees in targeted cases where credit serves more effectively than traditional grant mechanisms to achieve sustainable development. DCA is intended to mobilize host-country private capital to finance sustainable development in line with USAID's strategic objectives. Through the use of partial loan guarantees and risk sharing with the private sector, DCA stimulates private-sector lending for financially viable development projects, thereby leveraging host-country capital and strengthening sub-national capital markets in the developing world.

A consolidation of all of USAID's credit programs is requested in the 2002 Budget to create the unified Development Credit Authority. This unit will encompass DCA activities as well as USAID's traditional micro-enterprise and urban environmental credit programs.

OPIC also supports a mix of development, employment, and export goals by promoting U.S. direct investment in developing countries. OPIC pursues these goals through political risk insurance, direct loans, and guarantee products, which provide finance, as well as associated skills and technology transfers. These programs are intended to create more efficient financial markets, eventually encouraging the private sector to supplant OPIC finance in developing countries. OPIC has also created a number of investment funds that provide equity to local companies with strong development potential.

**Ongoing Coordination.** International credit programs are coordinated through two groups to ensure consistency in policy design, and credit implementation. The Trade Promotion Coordinating Committee (TPCC) works within the Administration to develop a National Export Strategy to make the delivery of trade promotion support more effective and convenient for U.S. exporters.

The Interagency Country Risk Assessment System (ICRAS) standardizes the way in which agencies budget for the risk of international lending. The cost of lending by the agencies is governed by ratings and premia established by the ICRAS. These premia use assumptions about default risk in international lending based on

international bond market data. The premia for 2002 have been updated to reflect more recent data. The risk premia decreased in most risk categories. All else being equal, this change will expand the level of lending an agency may be able to implement. The reduction in premia, for example, will reduce the lending costs of the Export-Import Bank in 2002. However, the impact of the change will depend on a host of other factors such as risk mix, maturity, and fees.

For the purpose of significantly improving the U.S. Government's reporting, analysis, and management of foreign credits, including loans, guarantees, and insurance, the Treasury Department is coordinating the development, with interagency support, of the Foreign Credit Reporting System (FCRS). When complete, the system will provide government officials with desktop Internet access to cross-cutting foreign credit information for policymaking and analytical purposes.

**Increased Role of the Private Sector.** Globalization has facilitated international capital flows and reduced the risk of international transactions. As a result, international capital flows through private entities dwarf officially supported direct and guaranteed credit. For example, net foreign direct investment in emerging markets grew from \$35 billion in 1992 to \$149 billion in 1999 or 2.1 percent of emerging market GDP in 1999. In comparison, net official capital flows to emerging markets accounted for less than 0.1 percent of their GDP in 1999.

#### IV. INSURANCE PROGRAMS

##### Deposit Insurance

Federal deposit insurance was established in the depression of the 1930s, which prompted the need to protect small depositors and prevent bank failures from causing widespread disruption in financial markets. Before the establishment of Federal deposit insurance, failures of some depository institutions often caused depositors to lose confidence in the banking system as a whole and rush to withdraw deposits from other institutions. Such sudden withdrawals would seriously disrupt the economy.

The Federal Deposit Insurance Corporation (FDIC) insures the deposits in banks and savings associations (thrifts) through separate insurance funds, the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF). Deposits of credit unions are insured through the National Credit Union Administration (NCUA). Deposits are currently insured up to \$100,000 per account. The FDIC insures nearly \$3.0 trillion of deposits at over 8,600 commercial banks and almost 1,400 savings institutions. The NCUA insures 10,527 credit unions with \$348 billion in insured shares.

##### Current Industry and Insurance Fund Conditions

Because the private sector is rapidly expanding its size and role in emerging markets, the Administration is redirecting resources from some international credit programs to other needs. The President's Budget includes savings in credit subsidy funding for the Export-Import Bank and the Overseas Private Investment Corporation (OPIC). The Budget proposes savings of approximately 25 percent in Export-Import Bank's credit subsidy requirements through policy changes that focus the Bank on U.S. exporters who truly cannot access private financing, as well as through lower estimates of international risk for 2002. Compared to the other major ECAs, the U.S. provides the most unrestricted financing in more markets. Export-Import Bank could adapt to reduced resources, while remaining competitive, by increasing fees in countries where the U.S. fees are lower, or in countries where foreign export support is not present.

These changes could include a combination of increased risk sharing with the private sector, higher user fees, and more stringent value-added tests. The Budget also eliminates OPIC credit subsidy for 2002. OPIC has been unable to spend all of its existing subsidy budget authority in either of the past two fiscal years and will carry enough subsidy into 2002 to fully fund its current level of credit programs.

This redirection effort anticipates that the role of the Export-Import Bank and OPIC will become more focused on correcting market imperfections as the private sector's ability to bear emerging market risks becomes larger, more sophisticated, and more efficient.

The 1980s and early 1990s were a turbulent period for the banking industry, with over 1,400 bank failures and 1,100 thrift failures. The Federal Government responded with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991, which were largely designed to improve the safety and soundness of the banking system. These reforms, combined with more favorable economic conditions, helped to restore the health of depository institutions and the deposit insurance system.

Only one thrift failed in 2000, becoming only the second SAIF-member to fail since 1996. Four BIF members failed during 2000; since 1996, BIF failed assets have averaged approximately \$600 million per year. During 2000, 33 Federally insured credit unions with \$126 million in assets failed (including assisted mergers). The FDIC currently classifies only 90 institutions with \$19 billion in assets as "problem institutions," compared to nearly 194 institutions with \$31 billion in assets five years ago.

Banks have achieved record levels of earnings in recent years, with industry net income totaling \$19.3 billion in the third quarter of 2000, the third highest quarter ever. As of September 30, 2000, BIF had estimated reserves of \$31 billion, 1.36 percent of insured

deposits. The earnings of the thrift industry also have improved significantly in recent years. As of September 30, 2000, SAIF's reserves reached an estimated \$10.7 billion or 1.45 percent of insured deposits.

The FDIC continues to maintain deposit insurance premiums in a range from zero for the healthiest institutions to 27 cents per \$100 of deposits for the riskiest institutions. Due to the strong financial condition of the industry and the insurance funds, 93 percent of commercial banks and 89 percent of thrifts did not pay insurance premiums in 2000. The National Credit Union Share Insurance Fund (NCUSIF) also remains strong with assets of \$4.5 billion. Each insured credit union is required to deposit and maintain in the fund an amount equal to 1 percent of its member share accounts. Premiums were waved in advance for 2000 because the income generated from the 1 percent deposit eliminated the need for an assessment. After the end of the fiscal year, the NCUA Board approved a dividend to reduce the Fund's equity ratio to the statutory ceiling of 1.30 percent. This was the fifth consecutive year that the Fund paid a dividend to federally insured credit unions. It is anticipated that the fund will pay a dividend for 2001.

Due to strong growth in the U.S. economy in recent years, depository institutions and their Federal insurance funds are in good financial condition. However, this trend may not continue indefinitely. An economic downturn, international events, or other changes in the industry could put pressure on industry profits and, ultimately, on the deposit insurance funds. In addition to the uncertainty surrounding future economic conditions, industry consolidation, banks' increased reliance on sophisticated financial instruments, and legislative changes also make it increasingly difficult to predict future deposit insurance losses. As a result of consolidation, for example, a few large banks control a substantial share of banking assets. The failure of even one of these large institutions could seriously strain an insurance fund.

In addition to consolidation, industry trends indicate that banks are increasingly using sophisticated finan-

cial instruments such as asset-backed securities and financial derivatives, which may either mitigate or exacerbate risk level. Whether or not these sophisticated financial instruments add to risk, they complicate the work of regulators who must gauge an institution's financial health—and the potential for deposit insurance losses that a troubled institution may represent. The landmark Financial Services Modernization Act of 1999 (P.L. 106–102) allows new business combinations in the financial sector, enabling banks to expand into other financial businesses such as insurance and securities. Over time, such expansions could either make depository institutions safer by improving asset diversification or make them less safe by increasing their exposure to riskier lines of business. A recent development related to inter-industry mergers is that securities firms are indirectly offering insured accounts to their customers through their banking affiliates (sweeping accounts). Regulators need to pay attention to this development because sweeping accounts increase insured deposits. Finally, regulators must always guard against fraud, which can also significantly impact insurance fund balances. The failure of First National Bank in Keystone, West Virginia, for instance, is expected to cost the FDIC up to \$850 million to resolve.

### **On-going Issues**

The deposit insurance system is in good condition and continues to play a critical role in ensuring confidence in our financial system. During a period of economic health, it may be appropriate to question whether the system works in the most consistent and efficient matter. Are depositors adequately protected? Are industries over or underpaying for deposit insurance coverage? Does the system encourage economically efficient outcomes? To this end, in 2000 the FDIC initiated a public discussion of deposit insurance issues. Options such as merging the BIF and SAIF, refining premium structures, and indexing premiums are being considered. The Administration and Congress will continue to contemplate these issues in the context of a rapidly evolving financial sector.

### **Pension Guarantees**

The Pension Benefit Guaranty Corporation (PBGC) insures most defined-benefit pension plans sponsored by private employers. PBGC pays the benefits guaranteed by law when a company with an underfunded pension plan becomes insolvent. PBGC's exposure to claims relates to the underfunding of pension plans, that is, to any amount by which vested future benefits exceed plan assets. In the near term, its loss exposure results from financially distressed firms with underfunded plans. In the longer term, additional loss exposure results from firms that are currently healthy but become distressed, and from changes in the funding of plans and their investment results.

The number of plans insured by PBGC has been declining as small companies with defined-benefit plans

terminate them and shift to defined-contribution pension arrangements such as 401(k) accounts. The number of plans with 1,000 or more participants has increased slightly since 1980. However, the number of active workers in defined-benefit plans declined from 29 million in 1985 to fewer than 24 million in 1995. If the trend continues, by 2003 fewer than half of the participants in defined-benefit plans will be active workers; the rest will be retirees.

In 2000, PBGC posted a positive financial position for the fifth straight year after 21 years of being in a deficit position. This was due to good economic conditions and favorable investment returns. Risk remains, however, because good economic conditions and favorable investment returns may not continue indefinitely.

The risk has been reduced somewhat by steps taken by the Congress and PBGC. Congress enacted legislation to make insurance premiums more reflective of risk. Under its Early Warning Program, PBGC has negotiated 90 major settlements with companies, which have provided nearly \$17.5 billion in extra contributions and other protections that improved pension security for over 2 million people and reduced PBGC's future exposure.

PBGC's single-employer program fared well in 2000, with no major terminations. (However, PBGC took over three large pension plans in the last few months: Grand Union, Outboard Marine, and TWA, the last under an agreement negotiated beforehand. Most of these plans' liability had been accounted for previously and so these takeovers make no substantial change in PBGC's financial position.) In 2000, overall investment returns were positive, in both PBGC's revolving funds, which are invested in U.S. Government securities, and in its trust funds, which hold mostly equities. Returns on PBGC's equity portfolio, however, were lower than those in

1999. Premium revenues dropped for the fourth year in a row, partly reflecting a previously enacted increase in the statutory interest rate for calculating underfunding.

PBGC's multi-employer program, which guarantees pension benefits of certain unionized plans offered by several employers in an industry, remained financially strong. Legislation enacted in December, 2000 raised the maximum guarantee level on pension benefits paid to retirees in multi-employer plans for the first time since 1980. The maximum was increased from \$5,580 to \$12,870 per year for retirees with 30 years of service.

PBGC is working to speed its setting of the dollar levels of benefits in the pension plans it takes over. The time taken for final calculation is expected to drop to three years in 2002, down from an average of 4.9 years in 2000. PBGC also is working to send first benefit checks more speedily. In 1999, only 83 percent of pensioners got their first benefit checks within three months of completing their applications.

## Disaster Insurance

### Flood Insurance

The Federal Government provides flood insurance through the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA). Flood insurance is available to homeowners and businesses in communities that have adopted and enforced appropriate floodplain management measures. Coverage is limited to buildings and their contents. By 2002, the program is projected to have approximately 4.5 million policies from more than 19,000 communities with \$610 billion of insurance in force.

Prior to the creation of the program in 1968, many factors made it cost prohibitive for private insurance companies alone to make affordable flood insurance available. In response, the NFIP was established to make insurance coverage widely available. The NFIP also requires building standards and other mitigation efforts to reduce losses, and operates a flood hazard mapping program to quantify the geographic risk of flooding. The NFIP has substantially met these goals.

The number of policies in the program has grown significantly over time. The number of enrolled policies grew from 2.4 to 4.3 million between 1990 and 2000, and by nearly 82,000 policies in 2000. FEMA is using three strategies to increase the number of flood insurance policies in force: lender compliance, program simplification, and expanded marketing. The NFIP also has a multi-pronged strategy for reducing future flood damage. FEMA is educating financial regulators about the mandatory flood insurance requirement for properties with mortgages from federally regulated lenders. Further, the NFIP offers mitigation insurance to allow flood victims to rebuild to code, thereby reducing future flood damage costs. Last, FEMA adjusts premium rates

to encourage community and State mitigation activities beyond those required by the NFIP.

Despite these efforts, the program faces major financial challenges. In some years, the program's financing account, which is a cash fund, has expenses greater than its revenue, preventing it from building sufficient long-term reserves. This is because a large portion of the policy-holders pay subsidized premiums. FEMA charges subsidized premiums for properties built before a community adopts the NFIP building standards. Properties built subsequently are charged true actuarial rates. The creators of the NFIP assumed that eventually the NFIP would become self-sustaining as older properties left the program. The share of subsidized properties in the program has fallen from 70 percent in 1978, but it is still substantial—30 percent today.

Until the mid-1980s, Congress appropriated funds periodically to support subsidized premiums. However, the program has not received appropriations since 1986. During the 1990s, FEMA increasingly relied on Treasury borrowing to finance its expenses (the NFIP may borrow up to \$1.5 billion). At the end of year 2000, FEMA had outstanding borrowing from Treasury of \$345 million.

The 2002 Budget proposes two cost-saving reforms that should improve the financial condition of the NFIP. First, flood insurance coverage would no longer be available for several thousand "repetitive loss" properties. These properties are located in the flood plain and are flooded regularly, but are not required to pay risk-based premiums. As a result, they have been rebuilt multiple times with the subsidized support of other flood insurance policy holders and U.S. taxpayers. The Budget seeks to begin removing the worst offending repetitive loss properties from the program in 2002. Policyholders whom FEMA has identified as repetitive

loss claimants will be allowed to make one more claim before having their policies terminated. Second, subsidized premium rates for vacation homes, rental properties, and other non-primary residences and businesses would be phased out over five years. FEMA charges many of these policyholders less than actuarial rates, which undermines the financial stability of the insurance program. Structures that are removed or that drop out of the program because of these two reforms would be ineligible for future Federal disaster assistance, including FEMA Individual and Family Grants and Small Business Administration disaster loans. Savings from these proposals are estimated at \$12 million in 2002 and are expected to grow significantly in the future.

### **Crop Insurance**

Subsidized Federal crop insurance administered by USDA assists farmers in managing yield shortfalls due to bad weather or other natural disasters. Private companies are reluctant to offer multi-peril crop insurance without Government reinsurance because of the difficulty of limiting risk exposure; insurance companies are exposed to large losses because losses tend to occur across a wide geographic area. For example, a drought usually affects many farms at the same time. Damage from hail, on the other hand, tends to be more localized, and a private market for hail insurance has existed for over 100 years.

The USDA crop insurance program is a cooperative effort between the Federal Government and the private insurance industry. Private insurance companies sell and service crop insurance policies. The Federal Government reimburses private companies for the administrative expenses associated with providing crop insurance and reinsures the private companies for excess insurance losses on all policies. The Federal Government also subsidizes premiums for farmers.

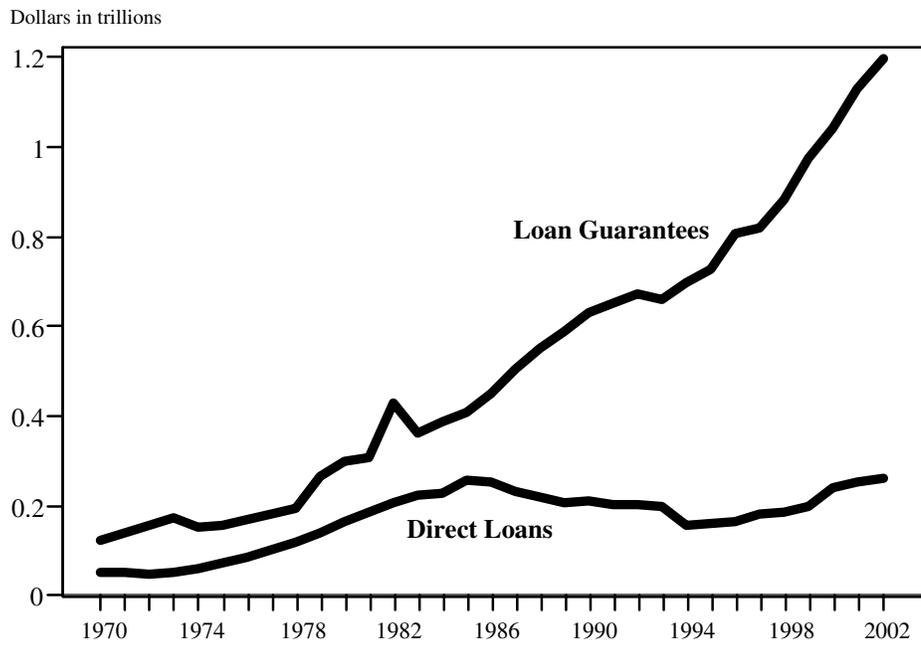
A major program reform was enacted in 1994 to address a growing problem caused by the repeated provision of Federal ad hoc agricultural disaster payments. Participation in the crop insurance program had been kept low by the availability of post-event disaster aid to farmers from the Federal Government. Because disaster payments were no-cost grants, farmers had little

incentive to purchase Federal crop insurance. The 1994 reform repealed agricultural disaster payment authorities and substituted a “catastrophic” insurance policy that indemnifies farmers at a rate roughly equal to the previous disaster payments. The catastrophic policy is free to farmers except for an administrative fee. Private companies sell and adjust the catastrophic portion of the crop insurance program, and also provide higher levels of coverage, which are also federally subsidized. In 1995, 82 percent of eligible acres participated in the program—a 140 percent increase over 1994. However, the 1996 Farm Bill eliminated the requirement that farmers participating in USDA’s commodity programs carry crop insurance, and participation dropped in 1997 to an estimated 61 percent of eligible acres. That proportion increased to 72 percent in 2000 and is expected to reach 80 percent in 2001, boosted by the reforms of the 2000 Agriculture Risk Protection Act (ARPA).

ARPA strengthened the program by increasing premium subsidies for higher coverage policies, equalizing the subsidy rates for all plans of insurance, expanding the list of insurable commodities to include livestock, and increasing flexibility of crop insurance companies’ marketing methods. ARPA also includes significant changes to improve program integrity through increased compliance oversight. Further, ARPA shifts USDA’s role toward that of a regulator, while stimulating new product development within the private sector and ensuring a research and development emphasis on specialty and underserved crops.

USDA continues to expand revenue coverage. Revenue insurance programs are now available in 36 states and further expansion is being studied. Moreover, the concept of covering all crop and livestock operations of a farm under a single policy, the so-called “whole farm coverage” approach, is being evaluated through a pilot program. The Adjusted Gross Revenue (AGR) policy insures the five-year average revenue of a farming or ranching operation on the basis of the producer’s Schedule “F” Farm Income on Federal tax returns, instead of its yield history.

**Chart 8-1. Face Value of Federal Credit Outstanding**



**Table 8-1. ESTIMATED FUTURE COST OF OUTSTANDING FEDERAL CREDIT PROGRAMS**  
(in billions of dollars)

| Program   | Outstanding<br>1999 | Estimated<br>Future Costs<br>of 1999<br>Outstanding <sup>1</sup> | Outstanding<br>2000 | Estimated<br>Future Costs<br>of 2000<br>Outstanding <sup>1</sup> |
|---|---------------------|--|---------------------|--|
| <b>Direct Loans:<sup>2</sup></b>  |                     |  |                     |  |
| Federal student loan programs .....                                     | 65                  | 2  | 80                  | -3   |
| Farm Service Agency (excl. CCC), Rural development, Rural housing ..... | 45                  | 12   | 42                  | 11   |
| Rural Utilities Service and Rural telephone bank .....                  | 29                  | 3  | 33                  | 2  |
| Housing and Urban Development .....                                     | 14                  | 3  | 13                  | 2  |
| Agency for International Development .....                              | 11                  | 6  | 11                  | 5  |
| P. L. 480 .....   | 11                  | 8  | 11                  | 8  |
| Export-Import Bank .....  | 12                  | 6  | 11                  | 5  |
| Commodity Credit Corporation .....                                      | 7                   | 3  | 8                   | 5  |
| Federal Communications Commission .....                                 | 8                   | 5  | 8                   | -1   |
| Disaster assistance .....   | 7                   | 2  | 6                   | 1  |
| Other direct loan programs .....  | 22                  | 2  | 18                  | 3  |
| <b>Total Direct Loans .....</b>   | <b>234</b>          | <b>50</b>  | <b>241</b>          | <b>37</b>  |
| <b>Guaranteed Loans:<sup>2</sup></b>                                    |                     |  |                     |  |
| FHA-mutual mortgage insurance .....                                     | 411                 | -3   | 450                 | -1   |
| Veterans housing .....  | 221                 | 6  | 224                 | 5  |
| Federal family education loan .....                                     | 127                 | 12   | 144                 | 12   |
| FHA-general and special risk .....                                      | 93                  | 7  | 99                  | 8  |
| Small business .....  | 39                  | 2  | 34                  | 2  |
| Export-Import Bank .....  | 25                  | 6  | 30                  | 5  |
| International assistance .....  | 19                  | 2  | 19                  | 1  |
| Farm Service Agency and Rural housing .....                             | 17                  | .....  | 20                  | .....  |
| Commodity Credit Corporation .....                                      | 7                   | 1  | 6                   | 1  |
| Other guaranteed loan programs .....                                    | 16                  | .....  | 16                  | 3  |
| <b>Total Guaranteed Loans .....</b>                                     | <b>976</b>          | <b>34</b>  | <b>1,043</b>        | <b>37</b>  |
| <b>Total Federal Credit .....</b>                                       | <b>1,210</b>        | <b>84</b>  | <b>1,284</b>        | <b>75</b>  |

<sup>1</sup> Direct loan future costs are the financing account allowance for subsidy cost and the liquidating account allowance for estimated uncollectible principal and interest. Loan guarantee future costs are estimated liabilities for loan guarantees.

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

**Table 8-2. FACE VALUE OF GOVERNMENT-SPONSORED ENTERPRISE LENDING<sup>1</sup>**

(in billions of dollars)

|  | Outstanding  |              |
|--|--------------|--------------|
|  | 1999         | 2000         |
| <b>Government Sponsored Enterprises:</b>   |              |              |
| Fannie Mae .....                           | 1,141        | 1,231        |
| Freddie Mac .....                          | 838          | 913          |
| Federal Home Loan Banks <sup>2</sup> ..... | 357          | 435          |
| Sallie Mae <sup>3</sup> .....              | .....        | .....        |
| Farm Credit System .....                   | 66           | 67           |
| <b>Total</b> .....                         | <b>2,402</b> | <b>2,646</b> |

<sup>1</sup> Net of purchases of federally guaranteed loans.

<sup>2</sup> The lending by the Federal Home Loans Banks measures their advances to member thrift and other financial institutions. In addition, their investment in private financial instruments at the end of 2000 was \$178 billion, including federally guaranteed securities, GSE securities, and money market instruments.

<sup>3</sup> The face value and Federal costs of Federal Family Education Loans in the Student Loan Marketing Association's portfolio are included in the totals for that program under guaranteed loans in table 8-1.

Table 8-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2000 <sup>1</sup>

(In millions of dollars)

| Program  | 1994 | 1995 | 1996 | 1997 | 1998  | 1999  | 2000   | 2001   |
|--|------|------|------|------|-------|-------|--------|--------|
| <b>Direct Loans:</b>                                       |      |      |      |      |       |       |        |        |
| <b>Agriculture:</b>  |      |      |      |      |       |       |        |        |
| Agriculture credit insurance fund .....                    | -72  | 28   | 2    | -31  | 23    |       | 331    | -22    |
| Agricultural conservation .....                            | -1   |      |      |      |       |       |        |        |
| Rural electrification and telecommunications loans .....   | *    | 61   | -37  | 84   |       | -39   |        | -117   |
| Rural telephone bank .....                                 | 1    |      |      | 10   |       | -9    |        | -2     |
| Rural housing insurance fund .....                         | 2    | 152  | 46   | -73  |       | 71    |        | 78     |
| Rural economic development loans .....                     |      |      |      | 1    |       | -1    | *      | -2     |
| Rural development loan program .....                       |      | 1    |      |      |       | -6    |        | -1     |
| Rural community advancement program <sup>2</sup> .....     |      |      |      | 8    |       | 5     |        | 105    |
| P.L. 480 .....   |      |      | -37  | -1   |       |       |        |        |
| <b>Commerce:</b>   |      |      |      |      |       |       |        |        |
| Fisheries finance .....                                    |      |      |      |      |       |       |        | -19    |
| <b>Education:</b>  |      |      |      |      |       |       |        |        |
| Federal direct student loans:                              |      |      |      |      |       |       |        |        |
| Technical reestimate .....                                 |      |      | 3    | -83  | 172   | -383  | -2,158 | 559    |
| Volume reestimate .....                                    |      |      |      |      |       | 22    |        | -5     |
| College housing and academic facilities loans .....        |      |      |      |      |       |       |        | -1     |
| <b>Interior:</b>   |      |      |      |      |       |       |        |        |
| Bureau of Reclamation loans .....                          |      |      |      |      |       |       | 3      | 1      |
| Bureau of Indian Affairs direct loans .....                |      |      |      |      |       | 1     | 5      | *      |
| <b>Transportation:</b>                                     |      |      |      |      |       |       |        |        |
| High priority corridor loans .....                         |      |      |      |      | -3    |       |        |        |
| Alameda corridor loan .....                                |      |      |      |      |       |       | -58    |        |
| Transportation infrastructure finance and innovation ..... |      |      |      |      |       |       |        | 18     |
| <b>Treasury:</b>   |      |      |      |      |       |       |        |        |
| Community development financial institutions fund .....    |      |      |      |      |       |       | 1      |        |
| <b>Veterans Affairs:</b>                                   |      |      |      |      |       |       |        |        |
| Veterans housing benefit program fund .....                | -39  | 30   | 76   | -72  | 465   | -111  | -52    | -108   |
| <b>Environmental Protection Agency:</b>                    |      |      |      |      |       |       |        |        |
| Abatement, control and compliance .....                    |      |      |      |      |       |       |        | 3      |
| <b>Federal Emergency Management Agency:</b>                |      |      |      |      |       |       |        |        |
| Disaster assistance .....                                  |      |      |      |      |       |       | 47     | 35     |
| <b>International Assistance Programs:</b>                  |      |      |      |      |       |       |        |        |
| Foreign military financing .....                           |      |      |      | 13   | 4     | 1     | 152    | -165   |
| Debt reduction .....                                       |      |      |      |      |       |       | 36     | *      |
| <b>Small Business Administration:</b>                      |      |      |      |      |       |       |        |        |
| Business loans .....                                       |      |      |      |      |       |       |        | 1      |
| Disaster loans .....                                       |      |      |      |      | -193  | 246   | -398   | -282   |
| <b>Other Independent Agencies:</b>                         |      |      |      |      |       |       |        |        |
| Export-Import Bank direct loans .....                      | -28  | -16  | 37   |      |       |       | -177   | 158    |
| Federal Communications Commission spectrum auction .....   |      |      |      |      | 4,592 | 980   | -1,501 | -9,618 |
| <b>Loan Guarantees:</b>                                    |      |      |      |      |       |       |        |        |
| <b>Agriculture:</b>  |      |      |      |      |       |       |        |        |
| Agriculture credit insurance fund .....                    | 5    | 14   | 12   | -51  | 96    |       | -31    | 205    |
| Commodity Credit Corporation export guarantees .....       | 3    | 103  | -426 | 343  |       |       |        |        |
| Rural development insurance fund .....                     | 49   |      |      | -3   |       |       |        |        |
| Rural housing insurance fund .....                         | 2    | 10   | 7    | -10  |       | 109   |        | 152    |
| Rural community advancement program <sup>2</sup> .....     |      |      |      | -10  |       | 41    |        | 61     |
| P.L. 480 title I food for progress credits .....           |      | 84   | -38  |      |       |       |        |        |
| <b>Commerce:</b>   |      |      |      |      |       |       |        |        |
| Fisheries finance .....                                    |      |      |      |      | -2    |       |        | -3     |
| <b>Education:</b>  |      |      |      |      |       |       |        |        |
| Federal family education loan: <sup>3</sup>                |      |      |      |      |       |       |        |        |
| Technical reestimate .....                                 | 97   | 421  | 60   |      |       | -140  | 667    | -3,482 |
| Volume reestimate .....                                    |      |      | 535  | 99   |       | -13   | -60    | -44    |
| <b>Health and Human Services:</b>                          |      |      |      |      |       |       |        |        |
| Health center loan guarantees .....                        |      |      |      |      |       |       | 3      |        |
| Health education assistance loans .....                    |      |      |      |      |       |       |        | -72    |
| <b>Housing and Urban Development:</b>                      |      |      |      |      |       |       |        |        |
| Indian housing loan guarantee .....                        |      |      |      |      |       |       |        | -5     |
| FHA-mutual mortgage insurance .....                        |      |      |      | -340 |       | 3,789 |        | 2,413  |
| FHA-general and special risk <sup>4</sup> .....            | -175 |      | -110 | -25  | 743   | 79    |        | -228   |

**Table 8-3. REESTIMATES OF CREDIT SUBSIDIES ON LOANS DISBURSED BETWEEN 1992-2000<sup>1</sup>—Continued**

(In millions of dollars)

| Program   | 1994        | 1995       | 1996       | 1997        | 1998         | 1999         | 2000          | 2001           |
|---|-------------|------------|------------|-------------|--------------|--------------|---------------|----------------|
| Interior:   |             |            |            |             |              |              |               |                |
| Bureau of Indian Affairs guaranteed loans .....                           |             |            |            | 31          |              |              |               | -14            |
| Transportation:   |             |            |            |             |              |              |               |                |
| Maritime guaranteed loans (title XI) .....                                |             |            |            |             |              | -71          | 30            | -1             |
| Veterans Affairs:   |             |            |            |             |              |              |               |                |
| Veterans housing benefit fund program .....                               | -447        | 167        | 334        | -706        | 38           | 492          | 229           | -770           |
| International Assistance Programs:  |             |            |            |             |              |              |               |                |
| U.S. Agency for International Development:                                |             |            |            |             |              |              |               |                |
| Housing guaranty .....  | -2          | -1         | -7         |             | -14          |              |               |                |
| Micro and small enterprise development .....                              |             |            |            |             |              |              |               | 1              |
| Urban and environmental credit .....                                      |             |            |            |             |              |              |               | -12            |
| Assistance to the new independent states of the former Soviet Union ..... |             |            |            |             |              |              |               | -26            |
| Small Business Administration:  |             |            |            |             |              |              |               |                |
| Business loans .....  |             |            | 257        | -16         | -279         | -545         | -235          | -527           |
| Other Independent Agencies:   |             |            |            |             |              |              |               |                |
| Export-Import Bank guarantees .....                                       | -11         | -59        | 13         |             |              |              | -191          | -1,520         |
| <b>Total .....</b>  | <b>-616</b> | <b>995</b> | <b>727</b> | <b>-832</b> | <b>5,642</b> | <b>4,518</b> | <b>-3,641</b> | <b>-13,256</b> |

\* \$500 thousand or less.

<sup>1</sup> Excludes interest on reestimates. Additional information on credit reform subsidy rates is contained in the Federal Credit Supplement to the Budget for 2002.<sup>2</sup> Includes rural water and waste disposal, rural community facilities, and rural business and industry programs.<sup>3</sup> Volume reestimates in mandatory loan guarantee programs represent a change in volume of loans disbursed in the prior years. These estimates are the result of guarantee programs where data from loan issuers on actual disbursements of loans are not received until after the close of the fiscal year.<sup>4</sup> 1999 figure includes interest on reestimate.

**Table 8-4. DIRECT LOAN SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2000-2002**

(in millions of dollars)

| Agency and Program   | 2000 Actual               |                          |               | 2001 Enacted              |                          |               | 2002 Proposed             |                          |               |
|--|---------------------------|--------------------------|---------------|---------------------------|--------------------------|---------------|---------------------------|--------------------------|---------------|
|  | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level    | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level    |
| <b>Agriculture:</b>  |                           |                          |               |                           |                          |               |                           |                          |               |
| Agricultural credit insurance fund .....                   | 5.92                      | 68                       | 1,149         | 8.47                      | 66                       | 779           | 6.78                      | 58                       | 855           |
| Farm storage facility loans .....                          | 2.85                      | 2                        | 80            | 2.14                      | 4                        | 175           | 2.42                      | 3                        | 125           |
| Apple loans .....  | N/A                       |                          |               | 5.01                      | 5                        | 100           | N/A                       |                          |               |
| Emergency boll weevil program .....                        | N/A                       |                          |               | 60.00                     | 6                        | 10            | N/A                       |                          |               |
| Rural community advancement program .....                  | 8.42                      | 80                       | 950           | 12.76                     | 172                      | 1,348         | 6.62                      | 70                       | 1,058         |
| Rural electrification and telecommunications loans .....   | -0.19                     | -5                       | 2,559         | -0.47                     | -14                      | 3,010         | -0.43                     | -13                      | 3,010         |
| Rural telephone bank .....                                 | 1.88                      | 3                        | 175           | 1.48                      | 3                        | 175           |                           |                          |               |
| Distance learning and telemedicine loans .....             | 0.35                      | 1                        | 200           | -0.61                     | -3                       | 400           | -0.07                     |                          | 400           |
| Farm labor housing .....                                   | N/A                       |                          |               | 52.59                     | 17                       | 33            | 47.31                     | 13                       | 28            |
| Rural housing insurance fund .....                         | 13.44                     | 189                      | 1,399         | 19.35                     | 239                      | 1,235         | 16.23                     | 200                      | 1,233         |
| Rural development loan program .....                       | 43.43                     | 17                       | 38            | 50.91                     | 22                       | 44            | 43.21                     | 16                       | 38            |
| Rural economic development loans .....                     | 23.02                     | 3                        | 15            | 26.07                     | 6                        | 23            | 24.16                     | 4                        | 15            |
| P.L. 480 .....   | 82.46                     | 120                      | 145           | 71.51                     | 113                      | 159           | 81.73                     | 114                      | 139           |
| <b>Commerce:</b>   |                           |                          |               |                           |                          |               |                           |                          |               |
| Fisheries finance .....                                    | 1.00                      |                          | 28            | 0.80                      | 1                        | 74            | -12.45                    | -3                       | 24            |
| <b>Defense—Military:</b>                                   |                           |                          |               |                           |                          |               |                           |                          |               |
| Defense vessel transfer program .....                      |                           |                          |               | 18.12                     | 4                        | 21            | 17.49                     | 4                        | 21            |
| Family housing improvement fund .....                      | 51.27                     | 32                       | 62            | 58.59                     | 79                       | 136           | 22.33                     | 52                       | 233           |
| <b>Education:</b>  |                           |                          |               |                           |                          |               |                           |                          |               |
| Federal direct student loans .....                         | -9.09                     | -1,442                   | 15,854        | -8.82                     | -1,796                   | 20,363        | -8.73                     | -1,564                   | 17,948        |
| <b>Housing and Urban Development:</b>                      |                           |                          |               |                           |                          |               |                           |                          |               |
| FHA-mutual mortgage insurance .....                        |                           |                          | 3             |                           |                          | 250           |                           |                          | 250           |
| FHA-general and special risk .....                         |                           |                          | 50            |                           |                          | 50            |                           |                          | 50            |
| <b>Interior:</b>   |                           |                          |               |                           |                          |               |                           |                          |               |
| Bureau of Reclamation loans .....                          | 27.91                     | 11                       | 43            | 44.44                     | 9                        | 27            | 26.92                     | 7                        | 26            |
| Assistance to American Samoa .....                         |                           |                          |               | 15.58                     | 3                        | 19            | N/A                       |                          |               |
| <b>State:</b>  |                           |                          |               |                           |                          |               |                           |                          |               |
| Repatriation loans .....                                   | 80.00                     | 1                        | 1             | 80.00                     | 1                        | 1             | 80.00                     | 1                        | 1             |
| <b>Transportation:</b>                                     |                           |                          |               |                           |                          |               |                           |                          |               |
| Minority business resource center .....                    | 10.00                     | 2                        | 14            | N/A                       |                          |               | N/A                       |                          |               |
| Transportation infrastructure finance and innovation ..... | 5.74                      | 52                       | 765           | 5.69                      | 84                       | 1,475         | 4.97                      | 109                      | 2,200         |
| Railroad rehabilitation and improvement .....              |                           |                          |               |                           |                          | 150           |                           |                          | 100           |
| <b>Treasury:</b>   |                           |                          |               |                           |                          |               |                           |                          |               |
| Community development financial institutions fund .....    | 39.99                     | 6                        | 15            | 43.41                     | 9                        | 20            | 38.60                     | 6                        | 15            |
| <b>Veterans Affairs:</b>                                   |                           |                          |               |                           |                          |               |                           |                          |               |
| Veterans housing benefit program .....                     | 1.81                      | 40                       | 1,435         | 2.16                      | 37                       | 1,697         | 24.69                     | 30                       | 119           |
| Miscellaneous veterans housing loans .....                 | 7.72                      |                          | 2             | 7.72                      |                          | 3             | 7.72                      |                          | 3             |
| Miscellaneous veterans programs .....                      | 2.23                      |                          | 2             | 1.88                      |                          | 3             | 2.18                      |                          | 3             |
| <b>Federal Emergency Management Agency:</b>                |                           |                          |               |                           |                          |               |                           |                          |               |
| Disaster assistance loans .....                            | 3.27                      | 1                        | 25            | 6.71                      | 2                        | 25            |                           |                          | 25            |
| <b>General Services Administration:</b>                    |                           |                          |               |                           |                          |               |                           |                          |               |
| Columbia Hospital for Women .....                          | 42.85                     | 6                        | 14            | N/A                       |                          |               | N/A                       |                          |               |
| <b>International Assistance Programs:</b>                  |                           |                          |               |                           |                          |               |                           |                          |               |
| Overseas Private Investment Corporation .....              | 11.00                     | 5                        | 45            | 11.00                     | 5                        | 45            | 11.00                     |                          | 45            |
| <b>Small Business Administration:</b>                      |                           |                          |               |                           |                          |               |                           |                          |               |
| Disaster assistance .....                                  | 22.20                     | 174                      | 783           | 17.46                     | 76                       | 827           | 10.95                     |                          | 150           |
| Business loans .....                                       | 8.54                      | 2                        | 27            | 8.95                      | 2                        | 34            | 6.78                      | 2                        | 21            |
| <b>Other Independent Agencies:</b>                         |                           |                          |               |                           |                          |               |                           |                          |               |
| Export-Import Bank direct loans .....                      | 1.39                      | 49                       | 1,084         | 21.77                     | 30                       | 135           | 25.66                     | 39                       | 152           |
| Federal Communications Commission spectrum auction .....   | 8.25                      |                          | 1             | N/A                       |                          |               | N/A                       |                          |               |
| <b>Total</b> .....   | <b>N/A</b>                | <b>-583</b>              | <b>26,963</b> | <b>N/A</b>                | <b>-818</b>              | <b>32,846</b> | <b>N/A</b>                | <b>-852</b>              | <b>28,287</b> |

N/A = Not applicable.

<sup>1</sup> Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

**Table 8-5. LOAN GUARANTEE SUBSIDY RATES, BUDGET AUTHORITY, AND LOAN LEVELS, 2000-2002**

(in millions of dollars)

| Agency and Program  | 2000 Actual               |                          |                | 2001 Enacted              |                          |                | 2002 Proposed             |                          |                |
|---|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|
|   | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level     | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level     | Subsidy rate <sup>1</sup> | Subsidy budget authority | Loan level     |
| <b>Agriculture:</b>   |                           |                          |                |                           |                          |                |                           |                          |                |
| Agricultural credit insurance fund .....                          | 3.37                      | 90                       | 2,674          | 2.12                      | 49                       | 2,313          | 4.20                      | 126                      | 3,000          |
| Commodity Credit Corporation export guarantees .....              | 6.80                      | 209                      | 3,081          | 8.04                      | 305                      | 3,792          | 6.80                      | 266                      | 3,904          |
| Rural community advancement program .....                         | 2.21                      | 27                       | 1,219          | 0.77                      | 21                       | 2,985          | 1.95                      | 25                       | 1,285          |
| Rural electrification and telecommunications loans .....          | 0.01                      |                          | 53             | 0.01                      |                          | 100            | 0.08                      |                          | 100            |
| Rural housing insurance fund .....                                | 0.61                      | 20                       | 3,300          | 0.31                      | 9                        | 3,236          | 1.36                      | 44                       | 3,238          |
| <b>Commerce:</b>  |                           |                          |                |                           |                          |                |                           |                          |                |
| Emergency steel guarantee .....                                   | 14.00                     |                          |                | 12.54                     |                          | 516            | N/A                       |                          |                |
| Emergency oil and gas guarantee .....                             | 24.50                     |                          |                | 34.79                     |                          | 5              | N/A                       |                          |                |
| <b>Defense:</b>   |                           |                          |                |                           |                          |                |                           |                          |                |
| Arms initiative .....   | 2.36                      |                          | 18             | 0.05                      |                          | 12             | N/A                       |                          |                |
| Family housing improvement fund .....                             | 6.72                      | 13                       | 202            | 5.72                      | 28                       | 492            | 5.96                      | 32                       | 537            |
| <b>Education:</b>   |                           |                          |                |                           |                          |                |                           |                          |                |
| Federal family education loan .....                               | 14.20                     | 3,763                    | 26,503         | 11.62                     | 3,853                    | 33,160         | 12.18                     | 4,226                    | 34,675         |
| <b>Health and Human Services:</b>                                 |                           |                          |                |                           |                          |                |                           |                          |                |
| Health center loan guarantees .....                               | 5.20                      |                          | 5              | 2.11                      | 1                        | 32             | 4.88                      | 1                        | 21             |
| <b>Housing and Urban Development:</b>                             |                           |                          |                |                           |                          |                |                           |                          |                |
| Indian housing loan guarantee .....                               | 8.13                      | 1                        | 15             | 8.13                      | 6                        | 72             | 2.47                      | 6                        | 234            |
| Title VI Indian Federal guarantees .....                          | 11.07                     |                          | 2              | 11.07                     | 6                        | 55             | 11.07                     | 6                        | 53             |
| Community development loan guarantees .....                       | 2.30                      | 29                       | 1,261          | 2.30                      | 29                       | 1,258          | 2.30                      | 14                       | 609            |
| FHA-mutual mortgage insurance .....                               | -1.99                     | -1,864                   | 140,000        | -2.15                     | -2,246                   | 160,000        | -2.07                     | -2,501                   | 160,000        |
| FHA-general and special risk .....                                | 1.31                      | -62                      | 18,100         | -0.12                     | 38                       | 21,000         | -1.45                     | -230                     | 21,000         |
| <b>Interior:</b>  |                           |                          |                |                           |                          |                |                           |                          |                |
| Indian guaranteed loans .....                                     | 7.54                      | 4                        | 60             | 6.73                      | 4                        | 60             | 6.00                      | 4                        | 75             |
| <b>Transportation:</b>  |                           |                          |                |                           |                          |                |                           |                          |                |
| Minority business resource center .....                           | N/A                       |                          |                | 2.69                      | 2                        | 14             | 2.70                      |                          | 18             |
| Transportation infrastructure finance and innovation .....        |                           |                          |                | 3.78                      | 8                        | 200            | 3.76                      | 8                        | 200            |
| Maritime guaranteed loans (title XI) .....                        | 6.36                      | 56                       | 886            | 4.94                      | 20                       | 413            | 4.97                      |                          |                |
| <b>Veterans Affairs:</b>  |                           |                          |                |                           |                          |                |                           |                          |                |
| Veterans housing benefit program .....                            | 0.70                      | 216                      | 21,616         | 0.47                      | 144                      | 30,643         | 0.54                      | 157                      | 29,317         |
| Miscellaneous veterans housing loans .....                        | 48.25                     | 45                       | 93             | 48.25                     |                          | 13             | 48.25                     |                          | 20             |
| <b>International Assistance Programs:</b>                         |                           |                          |                |                           |                          |                |                           |                          |                |
| USAID-micro and small enterprise development .....                | 4.76                      | 2                        | 50             | 4.94                      |                          | 55             |                           |                          |                |
| USAID-urban and environmental credit .....                        | 13.80                     | 2                        | 11             | 12.10                     |                          | 16             |                           |                          |                |
| USAID-development credit authority .....                          | 6.40                      | 4                        |                | 7.04                      | 8                        | 133            | 7.04                      | 25                       | 355            |
| Overseas Private Investment Corporation .....                     | 1.65                      | 19                       | 1,152          | 1.50                      | 19                       | 1,267          | 1.65                      |                          | 1,152          |
| <b>Small Business Administration:</b>                             |                           |                          |                |                           |                          |                |                           |                          |                |
| Business loans .....  | 1.20                      | 142                      | 13,152         | 1.08                      | 163                      | 16,187         |                           |                          | 17,575         |
| <b>Other Independent Agencies:</b>                                |                           |                          |                |                           |                          |                |                           |                          |                |
| Export-Import Bank guarantees .....                               | 7.90                      | 925                      | 11,705         | 7.45                      | 983                      | 13,181         | 6.32                      | 716                      | 11,335         |
| Presidio Trust .....  | 0.52                      |                          | 200            | 0.46                      |                          | 200            | 0.12                      |                          | 200            |
| <b>Total</b> .....  | <b>N/A</b>                | <b>3,641</b>             | <b>245,358</b> | <b>N/A</b>                | <b>3,450</b>             | <b>291,410</b> | <b>N/A</b>                | <b>2,925</b>             | <b>288,903</b> |
| <b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b> |                           |                          |                |                           |                          |                |                           |                          |                |
| <b>GNMA:</b>  |                           |                          |                |                           |                          |                |                           |                          |                |
| Guarantees of mortgage-backed securities .....                    | -0.29                     | -312                     | 200,000        | -0.36                     | -356                     | 200,000        | -0.33                     | -354                     | 200,000        |

N/A = Not applicable.

<sup>1</sup> Additional information on credit subsidy rates is contained in the Federal Credit Supplement.

**Table 8-6. SUMMARY OF FEDERAL DIRECT LOANS AND LOAN GUARANTEES**

(In billions of dollars)

|   | Actual |       |       |       |       |       | Estimate |       |
|---|--------|-------|-------|-------|-------|-------|----------|-------|
|   | 1995   | 1996  | 1997  | 1998  | 1999  | 2000  | 2001     | 2002  |
| <b>Direct Loans:</b>                              |        |       |       |       |       |       |          |       |
| Obligations .....                                 | 30.9   | 23.4  | 33.6  | 28.8  | 38.4  | 37.1  | 42.4     | 39.3  |
| Disbursements .....                               | 22.0   | 23.6  | 32.2  | 28.7  | 37.7  | 35.5  | 39.6     | 37.3  |
| New subsidy budget authority .....                | .....  | ..... | ..... | -0.8  | 1.6   | -0.4  | -0.8     | -0.8  |
| Reestimated subsidy budget authority .....        | .....  | ..... | ..... | 7.3   | 1.0   | -4.4  | -12.4    | ..... |
| Total subsidy budget authority <sup>1</sup> ..... | 2.6    | 1.8   | 2.4   | 6.5   | 2.6   | -4.8  | -13.2    | -0.8  |
| <b>Loan Guarantees:<sup>2</sup></b>               |        |       |       |       |       |       |          |       |
| Commitments .....                                 | 138.5  | 175.4 | 172.3 | 218.4 | 252.4 | 192.6 | 255.5    | 259.2 |
| Lender disbursements .....                        | 117.9  | 143.9 | 144.7 | 199.5 | 224.7 | 180.8 | 216.4    | 230.3 |
| New subsidy budget authority .....                | .....  | ..... | ..... | 3.3   | ..... | 3.3   | 3.2      | 2.6   |
| Reestimated subsidy budget authority .....        | .....  | ..... | ..... | -0.7  | 4.3   | 0.3   | -5.3     | ..... |
| Total subsidy budget authority <sup>1</sup> ..... | 4.6    | 4.0   | 3.6   | 2.6   | 4.3   | 3.6   | -2.1     | 2.6   |

<sup>1</sup> Prior to 1998 new and reestimated subsidy budget authority were not separated.<sup>2</sup> GNMA secondary guarantees of loans that are guaranteed by FHA, VA and RHS are excluded from the totals to avoid double-counting.

Table 8-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS

| Agency and Program                                       | In millions of dollars |               |               | As a percentage of outstanding loans <sup>1</sup> |               |               |
|--|------------------------|---------------|---------------|---|---------------|---------------|
|  | 2000 actual            | 2001 estimate | 2002 estimate | 2000 actual                                       | 2001 estimate | 2002 estimate |
| <b>DIRECT LOAN WRITEOFFS</b>                             |                        |               |               |   |               |               |
| Agriculture:   |                        |               |               |   |               |               |
| Agricultural credit insurance fund .....                 | 249                    | 247           | 230           | 2.73  | 2.85          | 2.86          |
| Rural community advancement program .....                | 2                      |               |               | 0.04  |               |               |
| Rural electrification and telecommunications loans ..... | 159                    | 33            |               | 0.50  | 0.10          |               |
| Rural development insurance fund .....                   | 4                      | 4             | 3             | 0.11  | 0.12          | 0.10          |
| Rural housing insurance fund .....                       | 76                     | 80            | 79            | 0.26  | 0.28          | 0.28          |
| Commerce:  |                        |               |               |   |               |               |
| Economic development revolving fund .....                |                        | 1             | 1             |   | 2.85          | 3.22          |
| Housing and Urban Development:                           |                        |               |               |   |               |               |
| Revolving fund (liquidating programs) .....              | 5                      | 3             | 2             | 3.16  | 2.40          | 2.10          |
| FHA—Mutual mortgage insurance .....                      |                        | 2             | 3             |   | 2.24          | 1.31          |
| Guarantees of mortgage-backed securities .....           | 212                    | 45            | 16            | 90.59   | 51.72         | 28.07         |
| Interior:  |                        |               |               |   |               |               |
| Indian direct loan .....                                 | 1                      | 2             | 1             | 1.47  | 3.22          | 1.78          |
| State:   |                        |               |               |   |               |               |
| Repatriation loans .....                                 | 1                      | 1             | 1             | 25.00   | 25.00         | 25.00         |
| Veterans Affairs:  |                        |               |               |   |               |               |
| Veterans housing benefit program .....                   | 6                      | 6             | 8             | 0.33  | 0.30          | 0.35          |
| International Assistance Programs:                       |                        |               |               |   |               |               |
| Overseas Private Investment Corporation .....            | 2                      | 1             | 1             | 3.22  | 1.85          | 1.85          |
| Small Business Administration:                           |                        |               |               |   |               |               |
| Disaster loans .....                                     | 90                     | 99            | 41            | 1.42  | 1.93          | 1.10          |
| Business loans .....                                     | 50                     | 48            | 18            | 7.22  | 10.41         | 5.27          |
| Other Independent Agencies:                              |                        |               |               |   |               |               |
| Tennessee Valley Authority .....                         | 1                      | 1             | 1             | 1.96  | 1.78          | 1.58          |
| <b>Total, direct loan writeoffs .....</b>                | <b>858</b>             | <b>573</b>    | <b>405</b>    | <b>0.42</b>                                       | <b>0.26</b>   | <b>0.17</b>   |
| <b>GUARANTEED LOAN TERMINATIONS FOR DEFAULT</b>          |                        |               |               |   |               |               |
| Agriculture:   |                        |               |               |   |               |               |
| Agricultural credit insurance fund .....                 | 124                    | 118           | 121           | 1.48  | 1.19          | 1.05          |
| Commodity Credit Corporation export loans .....          | 208                    | 380           | 334           | 3.48  | 5.99          | 5.43          |
| Rural community advancement program .....                | 84                     | 73            | 50            | 2.66  | 1.66          | 0.80          |
| Rural electrification and telecommunications loans ..... | 27                     |               |               | 5.54  |               |               |
| Rural development insurance fund .....                   | -1                     |               |               | -0.83   |               |               |
| Rural housing insurance fund .....                       | 68                     | 90            | 106           | 0.64  | 0.72          | 0.73          |
| Commerce:  |                        |               |               |   |               |               |
| Emergency oil and gas guaranteed loan program .....      |                        |               | 2             |   |               | 50.00         |
| Emergency steel guaranteed loan program .....            |                        |               | 103           |   |               | 22.19         |
| Fisheries Finance .....                                  | 2                      | 2             | 1             | 1.90  | 2.19          | 1.23          |
| Defense—Military:  |                        |               |               |   |               |               |
| Family housing improvement fund .....                    |                        | 2             | 2             |   | 4.76          | 1.75          |
| Education:   |                        |               |               |   |               |               |
| Federal family education loan .....                      | 2,677                  | 3,570         | 4,131         | 1.94  | 2.40          | 2.64          |
| Health and Human Services:                               |                        |               |               |   |               |               |
| Health education assistance loans .....                  | 23                     | 40            | 44            | 0.80  | 1.45          | 1.68          |
| Health center loan guarantees .....                      | 4                      |               |               | 100.00  |               |               |
| Housing and Urban Development:                           |                        |               |               |   |               |               |
| Indian housing loan guarantee .....                      |                        |               | 1             |   |               | 1.21          |
| FHA—Mutual mortgage insurance .....                      | 5,667                  | 6,176         | 5,734         | 1.31  | 1.28          | 1.07          |
| FHA—General and special risk .....                       | 1,341                  | 1,510         | 1,585         | 1.40  | 1.51          | 1.55          |
| Interior:  |                        |               |               |   |               |               |
| Indian guaranteed loan .....                             |                        | 1             | 2             |   | 0.47          | 0.80          |
| Transportation:  |                        |               |               |   |               |               |
| Maritime guaranteed loan (Title XI) .....                | 59                     | 68            |               | 1.57  | 1.59          |               |
| Veterans Affairs:  |                        |               |               |   |               |               |
| Veterans housing benefit program .....                   | 2,256                  | 2,542         | 2,927         | 1.01  | 1.10          | 1.22          |

**Table 8-7. DIRECT LOAN WRITE-OFFS AND GUARANTEED LOAN TERMINATIONS FOR DEFAULTS—Continued**

| Agency and Program   | In millions of dollars |               |               | As a percentage of outstanding loans <sup>1</sup> |               |               |
|--|------------------------|---------------|---------------|---|---------------|---------------|
|  | 2000 actual            | 2001 estimate | 2002 estimate | 2000 actual                                       | 2001 estimate | 2002 estimate |
| International Assistance Programs:   |                        |               |               |   |               |               |
| Foreign military financing .....   | 1                      | 3             | 5             | 0.02  | 0.06          | 0.12          |
| Micro and small enterprise development .....   | 1                      | 1             | 1             | 1.88  | 1.40          | 1.16          |
| Urban and environmental credit program .....   | 32                     | 42            | 48            | 1.41  | 1.98          | 2.48          |
| Development credit authority .....   |                        | 1             | 1             |   | 1.85          | 0.63          |
| Overseas Private Investment Corporation .....  | 92                     | 58            | 50            | 3.00  | 1.78          | 1.43          |
| Small Business Administration:   |                        |               |               |   |               |               |
| Business loans .....   | 707                    | 684           | 692           | 1.93  | 2.17          | 2.26          |
| Pollution control equipment .....  | 7                      | 8             | 6             | 16.66   | 22.85         | 21.42         |
| Other Independent Agencies:  |                        |               |               |   |               |               |
| Export-Import Bank .....   | 454                    | 364           | 464           | 1.64  | 1.14          | 1.38          |
| <b>Total, guaranteed loan terminations for default .....</b>                             | <b>13,833</b>          | <b>15,733</b> | <b>16,410</b> | <b>0.86</b>                                       | <b>0.92</b>   | <b>0.91</b>   |
| <b>Total, direct loan writeoffs and guaranteed loan terminations .....</b>               | <b>14,691</b>          | <b>16,306</b> | <b>16,815</b> | <b>0.81</b>                                       | <b>0.85</b>   | <b>0.83</b>   |
| <b>ADDENDUM: WRITEOFFS OF DEFAULTED GUARANTEED LOANS THAT RESULT IN LOANS RECEIVABLE</b> |                        |               |               |   |               |               |
| Education:   |                        |               |               |   |               |               |
| Federal family education loan .....  | 604                    | 579           | 592           | 2.64  | 2.66          | 2.75          |
| Health and Human Services:   |                        |               |               |   |               |               |
| Health education assistance loans .....  | 16                     | 16            | 16            | 2.94  | 2.85          | 2.75          |
| Housing and Urban Development:   |                        |               |               |   |               |               |
| FHA—Mutual mortgage insurance .....  | 42                     | 19            | 43            | 10.79   | 20.43         | 119.44        |
| FHA—General and special risk .....   | 149                    | 323           | 687           | 6.09  | 15.10         | 54.30         |
| Interior:  |                        |               |               |   |               |               |
| Indian guaranteed loan .....   | 1                      | 1             | 2             | 1.49  | 1.58          | 3.27          |
| Transportation:  |                        |               |               |   |               |               |
| Federal ship financing fund .....  |                        | 17            |               |   | 212.50        |               |
| Veterans Affairs:  |                        |               |               |   |               |               |
| Veterans housing benefit program .....   | 182                    | 52            | 72            | 34.14   | 14.81         | 15.89         |
| Small Business Administration:   |                        |               |               |   |               |               |
| Business loans .....   | 245                    | 124           | 61            | 11.48   | 5.64          | 2.54          |
| <b>Total, writeoffs of loans receivable .....</b>  | <b>1,239</b>           | <b>1,131</b>  | <b>1,473</b>  | <b>3.62</b>                                       | <b>3.47</b>   | <b>4.59</b>   |

<sup>1</sup> Average of loans outstanding for the year.

Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS <sup>1</sup>

(In millions of dollars)

| Agency and Program  | 2000<br>Actual | Estimate      |              |
|---|----------------|---------------|--------------|
|   |                | 2001          | 2002         |
| <b>DIRECT LOAN OBLIGATIONS</b>  |                |               |              |
| Agriculture:  |                |               |              |
| Apple loans .....   |                | 100           |              |
| Agricultural credit insurance fund .....  | 1,770          | 780           | 855          |
| Emergency boll weevil .....   |                | 10            |              |
| Distance learning and telemedicine .....  | 200            | 400           | 300          |
| Rural electrification and telecommunications .....                                | 2,559          | 3,010         | 3,010        |
| Rural telephone bank .....  | 175            | 175           |              |
| Rural water and waste disposal direct loans .....                                 | 739            | 879           | 809          |
| Rural housing insurance fund .....  | 1,399          | 1,265         | 1,261        |
| Rural community facility direct loans .....                                       | 161            | 419           | 249          |
| Rural economic development .....  | 15             | 15            | 15           |
| Rural development loan fund .....   | 38             | 38            | 38           |
| Rural business and industry direct loans .....                                    | 50             | 50            |              |
| P.L. 480 direct credit .....  | 145            | 159           | 139          |
| Commerce:   |                |               |              |
| Fisheries finance .....   | 28             | 74            | 24           |
| Education:  |                |               |              |
| Historically black college and university capital financing .....                 | 346            | 311           | 281          |
| Housing and Urban Development:  |                |               |              |
| FHA-general and special risk .....  | 50             | 50            | 50           |
| FHA-mutual mortgage insurance .....   | 100            | 250           | 250          |
| Interior:   |                |               |              |
| Bureau of Reclamation .....   | 43             | 27            | 26           |
| Assistance to American Samoa .....  |                | 19            |              |
| State:  |                |               |              |
| Repatriation loans .....  | 1              | 1             | 1            |
| Transportation:   |                |               |              |
| Minority business resource center .....   | 14             |               |              |
| Transportation infrastructure finance and innovation program .....                | 1,600          | 1,800         | 2,000        |
| Transportation infrastructure finance and innovation program line of credit ..... | 200            | 200           | 200          |
| Treasury:   |                |               |              |
| Community development financial institutions fund .....                           | 53             | 53            | 15           |
| Veterans Affairs:   |                |               |              |
| Miscellaneous veterans programs loan fund .....                                   | 2              | 3             | 3            |
| Federal Emergency Management Agency:  |                |               |              |
| Disaster assistance .....   | 25             | 25            | 25           |
| General Services Administration:  |                |               |              |
| Columbia Hospital for Women .....   | 14             |               |              |
| International Assistance Programs:  |                |               |              |
| Military debt reduction .....   | 10             |               |              |
| <b>Total, limitations on direct loan obligations .....</b>                        | <b>9,737</b>   | <b>10,113</b> | <b>9,551</b> |
| <b>LOAN GUARANTEE COMMITMENTS</b>   |                |               |              |
| Agriculture:  |                |               |              |
| Agricultural credit insurance fund .....  | 3,778          | 2,318         | 3,000        |
| Rural electrification and telecommunications guaranteed loans .....               | 53             | 100           | 100          |
| Rural water and waste water disposal guaranteed loans .....                       | 75             | 75            | 75           |
| Rural housing insurance fund .....  | 3,300          | 3,236         | 3,238        |
| Rural community facility guaranteed loans .....                                   | 210            | 210           | 210          |
| Rural business and industry guaranteed loans .....                                | 892            | 2,700         | 1,000        |
| Commerce:   |                |               |              |
| Emergency oil and gas .....   | 500            | 500           | 495          |
| Emergency steel .....   | 1,000          | 1,000         | 484          |
| Defense—Military:   |                |               |              |
| Defense export loan guarantee .....   | 14,980         | 14,980        | 14,980       |
| Arms initiative .....   | 18             | 12            |              |
| Health and Human Services:  |                |               |              |
| Health center .....   | 5              | 32            | 21           |

**Table 8-8. APPROPRIATIONS ACTS LIMITATIONS ON CREDIT LOAN LEVELS<sup>1</sup>—Continued**  
(In millions of dollars)

| Agency and Program  | 2000<br>Actual | Estimate       |                |
|---|----------------|----------------|----------------|
|   |                | 2001           | 2002           |
| Housing and Urban Development:  |                |                |                |
| Indian housing loan guarantee fund .....  | 135            | 72             | 234            |
| Title VI Indian Federal guarantees .....  | 55             | 55             | 53             |
| Community development loan guarantees .....                                       | 1,261          | 1,258          | 609            |
| America's private investment companies .....                                      | 541            | .....          | .....          |
| FHA-general and special risk .....  | 18,100         | 21,000         | 21,000         |
| FHA-loan guarantee recovery fund .....  | 7              | 4              | .....          |
| FHA-mutual mortgage insurance .....   | 140,000        | 160,000        | 160,000        |
| Interior:   |                |                |                |
| Indian guaranteed loan program .....  | 60             | 60             | 75             |
| Transportation:   |                |                |                |
| Minority business resource center .....   | .....          | 14             | 18             |
| Transportation infrastructure finance and innovation program loan guarantee ..... | .....          | 200            | 200            |
| Maritime guaranteed loan (title XI) .....   | 1,000          | .....          | .....          |
| Small Business Administration:  |                |                |                |
| Business .....  | 14,874         | 16,187         | 17,575         |
| Other Independent Agencies:   |                |                |                |
| Presidio Trust .....  | 200            | 200            | 200            |
| <b>Total, limitations on loan guarantee commitments .....</b>                     | <b>201,044</b> | <b>224,213</b> | <b>223,567</b> |
| <b>ADDENDUM: SECONDARY GUARANTEED LOAN COMMITMENT LIMITATIONS</b>                 |                |                |                |
| Housing and Urban Development:  |                |                |                |
| Guarantees of mortgage-backed securities .....                                    | 200,000        | 200,000        | 200,000        |
| <b>Total, limitations on secondary guaranteed loan commitments .....</b>          | <b>200,000</b> | <b>200,000</b> | <b>200,000</b> |

<sup>1</sup> Data represents loan level limitations enacted or proposed to be enacted in appropriation acts. For information on actual and estimated loan levels supportable by new subsidy budget authority requested, see Tables 8-4 and 8-5.

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2001     | 2002   |
| <b>Department of Agriculture</b>  |                |          |        |
| Farm Service Agency   |                |          |        |
| Agricultural credit insurance fund liquidating account:                     |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -750           | -710     | -638   |
| <b>Outstandings</b> .....   | 5,067          | 4,357    | 3,719  |
| Farm storage facility direct loan financing account:                        |                |          |        |
| Obligations .....   | 80             | 175      | 125    |
| Loan disbursements .....  | 32             | 174      | 126    |
| Change in outstandings .....  | 32             | 163      | 90     |
| <b>Outstandings</b> .....   | 32             | 195      | 285    |
| Apple loans direct loan financing account:                                  |                |          |        |
| Obligations .....   |                | 100      |        |
| Loan disbursements .....  |                | 100      |        |
| Change in outstandings .....  |                | 100      | -33    |
| <b>Outstandings</b> .....   |                | 100      | 67     |
| Agricultural credit insurance fund direct loan financing account:           |                |          |        |
| Obligations .....   | 1,770          | 780      | 855    |
| Loan disbursements .....  | 1,149          | 780      | 855    |
| Change in outstandings .....  | 466            | 49       | 39     |
| <b>Outstandings</b> .....   | 3,909          | 3,958    | 3,997  |
| Emergency boll weevil direct loan financing account:                        |                |          |        |
| Obligations .....   |                | 10       |        |
| Loan disbursements .....  |                | 10       |        |
| Change in outstandings .....  |                | 10       | -1     |
| <b>Outstandings</b> .....   |                | 10       | 9      |
| Commodity Credit Corporation fund:  |                |          |        |
| Obligations .....   | 9,691          | 8,689    | 9,171  |
| Loan disbursements .....  | 9,691          | 8,689    | 9,171  |
| Change in outstandings .....  | 618            | -1,226   | -443   |
| <b>Outstandings</b> .....   | 3,464          | 2,238    | 1,795  |
| Rural Utilities Service   |                |          |        |
| Rural communication development fund liquidating account:                   |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -1             | -1       | -1     |
| <b>Outstandings</b> .....   | 6              | 5        | 4      |
| Distance learning and telemedicine direct loan financing account:           |                |          |        |
| Obligations .....   | 6              | 400      | 300    |
| Loan disbursements .....  | 1              | 32       | 113    |
| Change in outstandings .....  | 1              | 29       | 102    |
| <b>Outstandings</b> .....   | 2              | 31       | 133    |
| Rural development insurance fund liquidating account:                       |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  | 1              |          |        |
| Change in outstandings .....  | -201           | -191     | -179   |
| <b>Outstandings</b> .....   | 3,269          | 3,078    | 2,899  |
| Rural electrification and telecommunications direct loan financing account: |                |          |        |
| Obligations .....   | 2,559          | 3,010    | 3,010  |
| Loan disbursements .....  | 1,390          | 1,856    | 2,207  |
| Change in outstandings .....  | 1,182          | 1,673    | 1,985  |
| <b>Outstandings</b> .....   | 7,131          | 8,804    | 10,789 |
| Rural telephone bank direct loan financing account:                         |                |          |        |
| Obligations .....   | 175            | 175      |        |
| Loan disbursements .....  | 31             | 116      | 129    |
| Change in outstandings .....  | 22             | 105      | 115    |
| <b>Outstandings</b> .....   | 268            | 373      | 488    |

**Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate      |               |
|---|----------------|---------------|---------------|
|   |                | 2001          | 2002          |
| Rural water and waste disposal direct loans financing account:    |                |               |               |
| Obligations .....   | 765            | 885           | 809           |
| Loan disbursements .....  | 668            | 740           | 800           |
| Change in outstandings .....                                      | 597            | 684           | 734           |
| <b>Outstandings</b> .....   | <b>3,942</b>   | <b>4,626</b>  | <b>5,360</b>  |
| Rural electrification and telecommunications liquidating account: |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  | 18             | 19            | 18            |
| Change in outstandings .....                                      | -2,134         | -1,996        | -1,786        |
| <b>Outstandings</b> .....   | <b>23,733</b>  | <b>21,737</b> | <b>19,951</b> |
| Rural telephone bank liquidating account:                         |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  | 12             | 8             | 7             |
| Change in outstandings .....                                      | -62            | -114          | -71           |
| <b>Outstandings</b> .....   | <b>924</b>     | <b>810</b>    | <b>739</b>    |
| Rural Housing Service   |                |               |               |
| Rural housing insurance fund liquidating account:                 |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                |               |               |
| Change in outstandings .....                                      | -1,007         | -954          | -897          |
| <b>Outstandings</b> .....   | <b>17,366</b>  | <b>16,412</b> | <b>15,515</b> |
| Rural housing insurance fund direct loan financing account:       |                |               |               |
| Obligations .....   | 1,321          | 1,326         | 1,261         |
| Loan disbursements .....  | 1,241          | 1,283         | 1,283         |
| Change in outstandings .....                                      | 873            | 795           | 717           |
| <b>Outstandings</b> .....   | <b>11,053</b>  | <b>11,848</b> | <b>12,565</b> |
| Rural community facility direct loans financing account:          |                |               |               |
| Obligations .....   | 199            | 422           | 249           |
| Loan disbursements .....  | 154            | 209           | 264           |
| Change in outstandings .....                                      | 117            | 184           | 232           |
| <b>Outstandings</b> .....   | <b>864</b>     | <b>1,048</b>  | <b>1,280</b>  |
| Rural Business—Cooperative Service                                |                |               |               |
| Rural economic development loans liquidating account:             |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                |               |               |
| Change in outstandings .....                                      | -1             | -1            |               |
| <b>Outstandings</b> .....   | <b>1</b>       |               |               |
| Rural economic development direct loan financing account:         |                |               |               |
| Obligations .....   | 15             | 23            | 15            |
| Loan disbursements .....  | 12             | 15            | 19            |
| Change in outstandings .....                                      | 3              | 4             | 6             |
| <b>Outstandings</b> .....   | <b>69</b>      | <b>73</b>     | <b>79</b>     |
| Rural development loan fund direct loan financing account:        |                |               |               |
| Obligations .....   | 38             | 44            | 38            |
| Loan disbursements .....  | 42             | 42            | 43            |
| Change in outstandings .....                                      | 35             | 34            | 34            |
| <b>Outstandings</b> .....   | <b>282</b>     | <b>316</b>    | <b>350</b>    |
| Rural business and industry direct loans financing account:       |                |               |               |
| Obligations .....   | 30             | 50            |               |
| Loan disbursements .....  | 24             | 38            | 30            |
| Change in outstandings .....                                      | 21             | 35            | 26            |
| <b>Outstandings</b> .....   | <b>59</b>      | <b>94</b>     | <b>120</b>    |
| Rural development loan fund liquidating account:                  |                |               |               |
| Obligations .....   |                |               |               |
| Loan disbursements .....  |                | 1             |               |
| Change in outstandings .....                                      | -3             | -2            | -3            |
| <b>Outstandings</b> .....   | <b>70</b>      | <b>68</b>     | <b>65</b>     |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |       |
|---|----------------|----------|-------|
|   |                | 2001     | 2002  |
| Foreign Agricultural Service  |                |          |       |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account: |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -268           | -954     | -235  |
| <b>Outstandings</b> .....   | 8,542          | 7,588    | 7,353 |
| P.L. 480 direct credit financing account:   |                |          |       |
| Obligations .....   | 145            | 159      | 139   |
| Loan disbursements .....  | 133            | 443      | 180   |
| Change in outstandings .....  | 128            | 431      | 169   |
| <b>Outstandings</b> .....   | 2,055          | 2,486    | 2,655 |
| P.L. 480 title I food for progress credits, financing account:                          |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -4             | -57      | -57   |
| <b>Outstandings</b> .....   | 504            | 447      | 390   |
| Debt reduction—financing account:   |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                | 84       | 60    |
| Change in outstandings .....  | -6             | 79       | 52    |
| <b>Outstandings</b> .....   | 57             | 136      | 188   |
| <b>Department of Commerce</b>   |                |          |       |
| Economic Development Administration   |                |          |       |
| Economic development revolving fund liquidating account:                                |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  |                |          |       |
| Change in outstandings .....  | -6             | -4       | -4    |
| <b>Outstandings</b> .....   | 37             | 33       | 29    |
| National Oceanic and Atmospheric Administration   |                |          |       |
| Fisheries finance direct loan financing account:  |                |          |       |
| Obligations .....   | 28             | 74       | 24    |
| Loan disbursements .....  | 19             | 74       | 24    |
| Change in outstandings .....  | 8              | 59       | 7     |
| <b>Outstandings</b> .....   | 137            | 196      | 203   |
| <b>Department of Defense—Military</b>   |                |          |       |
| Operation and Maintenance   |                |          |       |
| Defense vessel transfer program financing account:                                      |                |          |       |
| Obligations .....   |                | 21       | 21    |
| Loan disbursements .....  |                | 21       | 21    |
| Change in outstandings .....  |                | 19       | 15    |
| <b>Outstandings</b> .....   |                | 19       | 34    |
| Family Housing  |                |          |       |
| Family housing improvement direct loan financing account:                               |                |          |       |
| Obligations .....   | 32             | 143      | 233   |
| Loan disbursements .....  |                | 11       | 51    |
| Change in outstandings .....  |                | 11       | 51    |
| <b>Outstandings</b> .....   |                | 11       | 62    |
| <b>Department of Education</b>  |                |          |       |
| Office of Postsecondary Education   |                |          |       |
| College housing and academic facilities loans liquidating account:                      |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 4              |          |       |
| Change in outstandings .....  | -39            | -39      | -34   |
| <b>Outstandings</b> .....   | 484            | 445      | 411   |
| College housing and academic facilities loans financing account:                        |                |          |       |
| Obligations .....   |                |          |       |
| Loan disbursements .....  | 3              |          |       |
| Change in outstandings .....  | 3              | -1       | -1    |
| <b>Outstandings</b> .....   | 26             | 25       | 24    |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 2001     | 2002   |
| Historically black college and university capital financing direct loan financing account: |                |          |        |
| Obligations .....  | 35             | 30       | 30     |
| Loan disbursements .....   | 10             | 9        | 15     |
| Change in outstandings .....   | 10             | 9        | 14     |
| <b>Outstandings</b> .....  | 21             | 30       | 44     |
| Office of Student Financial Assistance   |                |          |        |
| Student financial assistance:  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 25             | 25       | 25     |
| Change in outstandings .....   | -6             | -17      | -13    |
| <b>Outstandings</b> .....  | 394            | 377      | 364    |
| Federal direct student loan program financing account:                                     |                |          |        |
| Obligations .....  | 15,854         | 20,363   | 17,948 |
| Loan disbursements .....   | 16,383         | 19,027   | 16,539 |
| Change in outstandings .....   | 12,738         | 16,364   | 12,776 |
| <b>Outstandings</b> .....  | 57,713         | 74,077   | 86,853 |
| <b>Department of Energy</b>  |                |          |        |
| Power Marketing Administration   |                |          |        |
| Bonneville Power Administration fund:  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   |                |          |        |
| <b>Outstandings</b> .....  | 2              | 2        | 2      |
| <b>Department of Health and Human Services</b>   |                |          |        |
| Health Resources and Services Administration   |                |          |        |
| Medical facilities guarantee and loan fund:  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -4             | -8       | -3     |
| <b>Outstandings</b> .....  | 11             | 3        |        |
| <b>Department of Housing and Urban Development</b>   |                |          |        |
| Public and Indian Housing Programs   |                |          |        |
| Low-rent public housing—loans and other expenses:  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -71            | -71      | -71    |
| <b>Outstandings</b> .....  | 1,350          | 1,279    | 1,208  |
| Community Planning and Development   |                |          |        |
| Revolving fund (liquidating programs):   |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   | -33            | -33      | -27    |
| <b>Outstandings</b> .....  | 142            | 109      | 82     |
| Community development loan guarantees liquidating account:                                 |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   |                |          |        |
| <b>Outstandings</b> .....  | 13             | 13       | 13     |
| Housing Programs   |                |          |        |
| Nonprofit sponsor assistance liquidating account:  |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   |                |          |        |
| Change in outstandings .....   |                |          |        |
| <b>Outstandings</b> .....  | 1              | 1        | 1      |
| Flexible subsidy fund:   |                |          |        |
| Obligations .....  |                |          |        |
| Loan disbursements .....   | 17             | 20       | 12     |
| Change in outstandings .....   | -58            | -55      | -63    |
| <b>Outstandings</b> .....  | 703            | 648      | 585    |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2001     | 2002  |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             | -3       |       |
| <b>Outstandings</b> .....  | 3              |          |       |
| FHA-general and special risk insurance funds liquidating account:                |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -24            | -24      | -10   |
| <b>Outstandings</b> .....  | 44             | 20       | 10    |
| FHA-general and special risk direct loan financing account:                      |                |          |       |
| Obligations .....  |                | 4        | 4     |
| Loan disbursements .....   |                | 4        | 4     |
| Change in outstandings .....   |                | 3        |       |
| <b>Outstandings</b> .....  | 1              | 4        | 4     |
| Housing for the elderly or handicapped fund liquidating account:                 |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 6              | 5        | 5     |
| Change in outstandings .....   | -120           | -146     | -182  |
| <b>Outstandings</b> .....  | 7,923          | 7,777    | 7,595 |
| FHA-mutual mortgage insurance direct loan financing account:                     |                |          |       |
| Obligations .....  | 3              | 250      | 250   |
| Loan disbursements .....   | 3              | 248      | 245   |
| Change in outstandings .....   | -3             | 177      | 105   |
| <b>Outstandings</b> .....  |                | 177      | 282   |
| Government National Mortgage Association   |                |          |       |
| Guarantees of mortgage-backed securities liquidating account:                    |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 42             | 38       | 2     |
| Change in outstandings .....   | -251           | -44      | -16   |
| <b>Outstandings</b> .....  | 109            | 65       | 49    |
| <b>Department of the Interior</b>  |                |          |       |
| Bureau of Reclamation  |                |          |       |
| Bureau of Reclamation loan liquidating account:                                  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -3             | -4       | -4    |
| <b>Outstandings</b> .....  | 63             | 59       | 55    |
| Water and related resources:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   |                | -1       |       |
| <b>Outstandings</b> .....  | 3              | 2        | 2     |
| Bureau of Reclamation direct loan financing account:                             |                |          |       |
| Obligations .....  | 26             | 22       | 26    |
| Loan disbursements .....   | 21             | 33       | 29    |
| Change in outstandings .....   | 20             | 31       | 27    |
| <b>Outstandings</b> .....  | 166            | 197      | 224   |
| National Park Service  |                |          |       |
| Construction and major maintenance:  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             |          |       |
| <b>Outstandings</b> .....  | 5              | 5        | 5     |
| Bureau of Indian Affairs   |                |          |       |
| Revolving fund for loans liquidating account:                                    |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -5             | -3       | -4    |
| <b>Outstandings</b> .....  | 39             | 36       | 32    |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2001     | 2002  |
| Indian direct loan financing account:  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | -1             | -3       | -3    |
| <b>Outstandings</b> .....  | 27             | 24       | 21    |
| Insular Affairs  |                |          |       |
| Payments to the United States territories, fiscal assistance:                                  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | -1             | -2       | -2    |
| <b>Outstandings</b> .....  | 15             | 13       | 11    |
| Assistance to American Samoa direct loan financing account:                                    |                |          |       |
| Obligations .....  |                | 19       |       |
| Loan disbursements .....   |                | 16       | 3     |
| <i>Change in outstandings</i> .....  |                | 15       | 2     |
| <b>Outstandings</b> .....  |                | 15       | 17    |
| <b>Department of State</b>   |                |          |       |
| Administration of Foreign Affairs  |                |          |       |
| Repatriation loans financing account:  |                |          |       |
| Obligations .....  | 1              | 1        | 1     |
| Loan disbursements .....   | 1              | 1        | 1     |
| <i>Change in outstandings</i> .....  |                |          |       |
| <b>Outstandings</b> .....  | 4              | 4        | 4     |
| <b>Department of Transportation</b>  |                |          |       |
| Office of the Secretary  |                |          |       |
| Minority business resource center direct loan financing account:                               |                |          |       |
| Obligations .....  | 3              |          |       |
| Loan disbursements .....   | 3              | 4        |       |
| <i>Change in outstandings</i> .....  |                |          | -4    |
| <b>Outstandings</b> .....  | 7              | 7        | 3     |
| Federal Highway Administration   |                |          |       |
| Transportation infrastructure finance and innovation program direct loan financing account:    |                |          |       |
| Obligations .....  | 1,496          | 1,800    | 2,000 |
| Loan disbursements .....   | 300            | 239      | 599   |
| <i>Change in outstandings</i> .....  | 300            | 239      | 599   |
| <b>Outstandings</b> .....  | 300            | 539      | 1,138 |
| Transportation infrastructure finance and innovation program line of credit financing account: |                |          |       |
| Obligations .....  | 30             | 200      | 200   |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  |                |          |       |
| <b>Outstandings</b> .....  |                |          |       |
| Right-of-way revolving fund liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 20             | 10       | 10    |
| <i>Change in outstandings</i> .....  | -26            | -14      | -14   |
| <b>Outstandings</b> .....  | 129            | 115      | 101   |
| Federal Railroad Administration  |                |          |       |
| Amtrak corridor improvement loans liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  |                | -1       | -1    |
| <b>Outstandings</b> .....  | 5              | 4        | 3     |
| Alameda corridor direct loan financing account:  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | 88             | -488     |       |
| <b>Outstandings</b> .....  | 488            |          |       |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2001     | 2002  |
| Railroad rehabilitation and improvement liquidating account:                     |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | –4             | –4       | –4    |
| <b>Outstandings</b> .....  | 49             | 45       | 41    |
| Railroad rehabilitation and improvement direct loan financing account:           |                |          |       |
| Obligations .....  | 4              | 150      | 100   |
| Loan disbursements .....   |                | 150      | 100   |
| <i>Change in outstandings</i> .....  |                | 150      | 92    |
| <b>Outstandings</b> .....  | 4              | 154      | 246   |
| <b>Department of the Treasury</b>  |                |          |       |
| Departmental Offices   |                |          |       |
| Community development financial institutions fund direct loan financing account: |                |          |       |
| Obligations .....  | 15             | 20       | 15    |
| Loan disbursements .....   | 4              | 7        | 3     |
| <i>Change in outstandings</i> .....  | 4              | 6        | 1     |
| <b>Outstandings</b> .....  | 15             | 21       | 22    |
| <b>Department of Veterans Affairs</b>  |                |          |       |
| Veterans Benefits Administration   |                |          |       |
| Veterans housing benefit program fund liquidating account:                       |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 12             | 9        | 8     |
| <i>Change in outstandings</i> .....  | –153           | –16      | –14   |
| <b>Outstandings</b> .....  | 164            | 148      | 134   |
| Veterans housing benefit program fund direct loan financing account:             |                |          |       |
| Obligations .....  | 1,435          | 1,697    | 1,710 |
| Loan disbursements .....   | 1,435          | 1,697    | 1,710 |
| <i>Change in outstandings</i> .....  | –44            | 504      | 98    |
| <b>Outstandings</b> .....  | 1,556          | 2,060    | 2,158 |
| Miscellaneous veterans housing loans direct loan financing account:              |                |          |       |
| Obligations .....  | 2              | 3        | 3     |
| Loan disbursements .....   | 2              | 3        | 3     |
| <i>Change in outstandings</i> .....  | 1              | 2        | 1     |
| <b>Outstandings</b> .....  | 17             | 19       | 20    |
| Miscellaneous veterans programs loan fund direct loan financing account:         |                |          |       |
| Obligations .....  | 2              | 3        | 3     |
| Loan disbursements .....   | 2              | 3        | 3     |
| <i>Change in outstandings</i> .....  |                |          |       |
| <b>Outstandings</b> .....  | 1              | 1        | 1     |
| <b>Environmental Protection Agency</b>   |                |          |       |
| Environmental Protection Agency  |                |          |       |
| Abatement, control, and compliance direct loan financing account:                |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| <i>Change in outstandings</i> .....  | –5             | –5       | –4    |
| <b>Outstandings</b> .....  | 46             | 41       | 37    |
| <b>Federal Emergency Management Agency</b>                                       |                |          |       |
| Federal Emergency Management Agency  |                |          |       |
| Disaster assistance direct loan liquidating account:                             |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                | –29      |       |
| <i>Change in outstandings</i> .....  | –8             | –29      |       |
| <b>Outstandings</b> .....  | 29             |          |       |
| Disaster assistance direct loan financing account:                               |                |          |       |
| Obligations .....  |                | 25       | 25    |
| Loan disbursements .....   |                | 54       | 25    |
| <i>Change in outstandings</i> .....  | –12            | 52       | 13    |
| <b>Outstandings</b> .....  | 136            | 188      | 201   |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |       |
|--|----------------|----------|-------|
|  |                | 2001     | 2002  |
| <b>General Services Administration</b>   |                |          |       |
| Real Property Activities   |                |          |       |
| Columbia Hospital for Women direct loan financing account:                             |                |          |       |
| Obligations .....  | 14             |          |       |
| Loan disbursements .....   | 14             |          |       |
| Change in outstandings .....   | 14             |          |       |
| <b>Outstandings</b> .....  | 14             | 14       | 14    |
| <b>International Assistance Programs</b>   |                |          |       |
| International Security Assistance  |                |          |       |
| Foreign military loan liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 8              | 10       | 12    |
| Change in outstandings .....   | -582           | -456     | -394  |
| <b>Outstandings</b> .....  | 4,223          | 3,767    | 3,373 |
| Foreign military financing direct loan financing account:                              |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   | 418            | 579      | 326   |
| Change in outstandings .....   | 105            | 206      | -127  |
| <b>Outstandings</b> .....  | 1,770          | 1,976    | 1,849 |
| Military debt reduction financing account:   |                |          |       |
| Obligations .....  | 10             |          |       |
| Loan disbursements .....   | 10             |          |       |
| Change in outstandings .....   | 9              |          |       |
| <b>Outstandings</b> .....  | 19             | 19       | 19    |
| Agency for International Development   |                |          |       |
| Economic assistance loans liquidating account:   |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -700           | -1,003   | -786  |
| <b>Outstandings</b> .....  | 9,960          | 8,957    | 8,171 |
| Debt reduction financing account:  |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                | 155      | 133   |
| Change in outstandings .....   | -52            | 94       | 76    |
| <b>Outstandings</b> .....  | 165            | 259      | 335   |
| Private sector revolving fund liquidating account:                                     |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   |                |          |       |
| <b>Outstandings</b> .....  | 1              | 1        | 1     |
| Microenterprise and small enterprise development credit direct loan financing account: |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   |                | -1       |       |
| <b>Outstandings</b> .....  | 2              | 1        | 1     |
| Overseas Private Investment Corporation  |                |          |       |
| Overseas Private Investment Corporation liquidating account:                           |                |          |       |
| Obligations .....  |                |          |       |
| Loan disbursements .....   |                |          |       |
| Change in outstandings .....   | -1             | -1       |       |
| <b>Outstandings</b> .....  | 1              |          |       |
| Overseas Private Investment Corporation direct loan financing account:                 |                |          |       |
| Obligations .....  | 104            | 127      | 180   |
| Loan disbursements .....   | 4              | 23       | 38    |
| Change in outstandings .....   | -8             | -5       | 4     |
| <b>Outstandings</b> .....  | 57             | 52       | 56    |

Table 8–9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2001     | 2002   |
| <b>Small Business Administration</b>                                  |                |          |        |
| Small Business Administration   |                |          |        |
| Business direct loan financing account:                               |                |          |        |
| Obligations .....   | 30             | 60       | 25     |
| Loan disbursements .....  | -15            | 48       | 18     |
| Change in outstandings .....  | -33            | 33       | 3      |
| <b>Outstandings</b> .....   | 60             | 93       | 96     |
| Disaster direct loan financing account:                               |                |          |        |
| Obligations .....   | 221            | 951      | 300    |
| Loan disbursements .....  | 942            | 947      | 485    |
| Change in outstandings .....  | -446           | -1,022   | -1,100 |
| <b>Outstandings</b> .....   | 5,212          | 4,190    | 3,090  |
| Disaster loan fund liquidating account:                               |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -382           | -554     | -103   |
| <b>Outstandings</b> .....   | 685            | 131      | 28     |
| Business loan fund liquidating account:                               |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  | 20             | 22       | 18     |
| Change in outstandings .....  | -263           | -199     | -78    |
| <b>Outstandings</b> .....   | 485            | 286      | 208    |
| <b>Other Independent Agencies</b>                                     |                |          |        |
| Export-Import Bank of the United States                               |                |          |        |
| Export-Import Bank of the United States liquidating account:          |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -709           | -906     | -373   |
| <b>Outstandings</b> .....   | 4,460          | 3,554    | 3,181  |
| Debt reduction financing account:                                     |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  | 7              | 26       | 24     |
| Change in outstandings .....  | -6             | 25       | 23     |
| <b>Outstandings</b> .....   | 102            | 127      | 150    |
| Export-Import Bank direct loan financing account:                     |                |          |        |
| Obligations .....   | 933            | 135      | 152    |
| Loan disbursements .....  | 1,123          | 1,458    | 1,513  |
| Change in outstandings .....  | 413            | 720      | 697    |
| <b>Outstandings</b> .....   | 6,666          | 7,386    | 8,083  |
| Farm Credit System Financial Assistance Corporation                   |                |          |        |
| Financial Assistance Corporation assistance fund liquidating account: |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -17            | -15      | -15    |
| <b>Outstandings</b> .....   | 883            | 868      | 853    |
| Federal Communications Commission                                     |                |          |        |
| Spectrum auction direct loan financing account:                       |                |          |        |
| Obligations .....   | 1              |          |        |
| Loan disbursements .....  | 1              |          |        |
| Change in outstandings .....  | -66            | -38      | -38    |
| <b>Outstandings</b> .....   | 8,177          | 8,139    | 8,101  |
| Bank Insurance<br>FSLIC Resolution                                    |                |          |        |
| FSLIC resolution fund:  |                |          |        |
| Obligations .....   |                |          |        |
| Loan disbursements .....  |                |          |        |
| Change in outstandings .....  | -7             | -4       |        |
| <b>Outstandings</b> .....   | 4              |          |        |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 2001     | 2002    |
| National Credit Union Administration   |                |          |         |
| Community development credit union revolving loan fund:                      |                |          |         |
| Obligations .....  | 11             | 11       | 11      |
| Loan disbursements .....   | 5              | 3        | 3       |
| Change in outstandings .....   | 3              |          |         |
| <b>Outstandings</b> .....  | 11             | 11       | 11      |
| Tennessee Valley Authority   |                |          |         |
| Tennessee Valley Authority fund:   |                |          |         |
| Obligations .....  | 15             | 21       | 21      |
| Loan disbursements .....   | 15             | 21       | 21      |
| Change in outstandings .....   | 4              | 7        | 6       |
| <b>Outstandings</b> .....  | 53             | 60       | 66      |
| <b>Subtotal, direct loan transactions:</b>                                   |                |          |         |
| Obligations .....  | 37,099         | 42,378   | 39,254  |
| Loan disbursements .....   | 35,463         | 39,610   | 37,333  |
| Change in outstandings .....   | 9,227          | 11,676   | 11,075  |
| <b>Outstandings</b> .....  | 208,061        | 219,737  | 230,812 |
| <b>ADDENDUM: DEFAULTED GUARANTEED LOANS THAT RESULT IN A LOAN RECEIVABLE</b> |                |          |         |
| <b>Department of Agriculture</b>   |                |          |         |
| Farm Service Agency  |                |          |         |
| Commodity Credit Corporation export guarantee financing account:             |                |          |         |
| Claim payments .....   | 208            | 380      | 334     |
| Change in outstandings .....   | 128            | 355      | 290     |
| <b>Outstandings</b> .....  | 464            | 819      | 1,109   |
| Commodity Credit Corporation guaranteed loans liquidating account:           |                |          |         |
| Claim payments .....   |                |          |         |
| Change in outstandings .....   | -79            | -152     | -164    |
| <b>Outstandings</b> .....  | 4,131          | 3,979    | 3,815   |
| Rural Business—Cooperative Service   |                |          |         |
| Rural business and industry guaranteed loans financing account:              |                |          |         |
| Claim payments .....   | 57             | 40       |         |
| Change in outstandings .....   | 57             | 40       |         |
| <b>Outstandings</b> .....  | 57             | 97       | 97      |
| <b>Department of Commerce</b>  |                |          |         |
| National Oceanic and Atmospheric Administration                              |                |          |         |
| Federal ship financing fund fishing vessels liquidating account:             |                |          |         |
| Claim payments .....   |                |          |         |
| Change in outstandings .....   |                | -2       | -2      |
| <b>Outstandings</b> .....  | 14             | 12       | 10      |
| <b>Department of Education</b>   |                |          |         |
| Office of Student Financial Assistance                                       |                |          |         |
| Federal family education loan liquidating account:                           |                |          |         |
| Claim payments .....   | 284            | 116      | 73      |
| Change in outstandings .....   | -1,351         | -956     | -798    |
| <b>Outstandings</b> .....  | 16,558         | 15,602   | 14,804  |
| Federal family education loan program financing account:                     |                |          |         |
| Claim payments .....   | 2,082          | 3,027    | 3,589   |
| Change in outstandings .....   | -440           | 572      | 819     |
| <b>Outstandings</b> .....  | 5,343          | 5,915    | 6,734   |
| <b>Department of Health and Human Services</b>                               |                |          |         |
| Health Resources and Services Administration                                 |                |          |         |
| Health education assistance loans financing account:                         |                |          |         |
| Claim payments .....   | 15             | 27       | 31      |
| Change in outstandings .....   | 15             | 23       | 26      |
| <b>Outstandings</b> .....  | 53             | 76       | 102     |

Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued

(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |      |
|--|----------------|----------|------|
|  |                | 2001     | 2002 |
| Health education assistance loans liquidating account:                           |                |          |      |
| Claim payments .....   | 24             | 25       | 24   |
| Change in outstandings .....   | 4              | -5       | -6   |
| <b>Outstandings</b> .....  | 500            | 495      | 489  |
| <b>Department of Housing and Urban Development</b>                               |                |          |      |
| Housing Programs   |                |          |      |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |          |      |
| Claim payments .....   | 20             | 50       | 148  |
| Change in outstandings .....   | -224           | -7       | -6   |
| <b>Outstandings</b> .....  | 46             | 39       | 33   |
| FHA-general and special risk insurance funds liquidating account:                |                |          |      |
| Claim payments .....   | 457            | 208      | 211  |
| Change in outstandings .....   | 70             | -698     | -950 |
| <b>Outstandings</b> .....  | 1,960          | 1,262    | 312  |
| FHA-general and special risk guaranteed loan financing account:                  |                |          |      |
| Claim payments .....   | 226            | 462      | 526  |
| Change in outstandings .....   | 61             | -48      | -51  |
| <b>Outstandings</b> .....  | 552            | 504      | 453  |
| FHA-mutual mortgage insurance guaranteed loan financing account:                 |                |          |      |
| Claim payments .....   | 55             | 360      | 588  |
| Change in outstandings .....   | -258           | -102     |      |
| <b>Outstandings</b> .....  | 102            |          |      |
| <b>Department of the Interior</b>  |                |          |      |
| Bureau of Indian Affairs   |                |          |      |
| Indian loan guaranty and insurance fund liquidating account:                     |                |          |      |
| Claim payments .....   |                | 1        | 1    |
| Change in outstandings .....   | -2             | -1       | -3   |
| <b>Outstandings</b> .....  | 27             | 26       | 23   |
| Indian guaranteed loan financing account:  |                |          |      |
| Claim payments .....   |                | 1        | 2    |
| Change in outstandings .....   | -4             |          | 1    |
| <b>Outstandings</b> .....  | 37             | 37       | 38   |
| <b>Department of Transportation</b>  |                |          |      |
| Maritime Administration  |                |          |      |
| Federal ship financing fund liquidating account:                                 |                |          |      |
| Claim payments .....   |                |          |      |
| Change in outstandings .....   | -3             | -17      |      |
| <b>Outstandings</b> .....  | 17             |          |      |
| Maritime guaranteed loan (title XI) financing account:                           |                |          |      |
| Claim payments .....   | 32             | 30       |      |
| Change in outstandings .....   | 32             | 30       |      |
| <b>Outstandings</b> .....  | 32             | 62       | 62   |
| <b>Department of Veterans Affairs</b>  |                |          |      |
| Veterans Benefits Administration   |                |          |      |
| Veterans housing benefit program fund liquidating account:                       |                |          |      |
| Claim payments .....   | 27             | 36       | 35   |
| Change in outstandings .....   | -288           |          |      |
| <b>Outstandings</b> .....  | 286            | 286      | 286  |
| Veterans housing benefit program fund guaranteed loan financing account:         |                |          |      |
| Claim payments .....   | 177            | 140      | 145  |
| Change in outstandings .....   | -188           | 113      | 90   |
| <b>Outstandings</b> .....  | 9              | 122      | 212  |
| <b>International Assistance Programs</b>   |                |          |      |
| International Security Assistance  |                |          |      |
| Foreign military loan liquidating account:                                       |                |          |      |
| Claim payments .....   | 27             | 8        | 31   |
| Change in outstandings .....   | 1              | -14      | 28   |
| <b>Outstandings</b> .....  | 14             |          | 28   |

**Table 8-9. DIRECT LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**

(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 2001     | 2002    |
| Agency for International Development  |                |          |         |
| Housing and other credit guaranty programs liquidating account:                     |                |          |         |
| Claim payments .....  | 32             | 38       | 44      |
| Change in outstandings .....  | 8              | -1       | 38      |
| <b>Outstandings</b> .....   | 508            | 507      | 545     |
| Microenterprise and small enterprise development guaranteed loan financing account: |                |          |         |
| Claim payments .....  | 1              | 1        | 1       |
| Change in outstandings .....  | 1              | 1        | 1       |
| <b>Outstandings</b> .....   | 4              | 5        | 6       |
| Overseas Private Investment Corporation   |                |          |         |
| Overseas Private Investment Corporation liquidating account:                        |                |          |         |
| Claim payments .....  | 13             | 8        | 5       |
| Change in outstandings .....  | 12             | 3        | .....   |
| <b>Outstandings</b> .....   | 24             | 27       | 27      |
| Overseas Private Investment Corporation guaranteed loan financing account:          |                |          |         |
| Claim payments .....  | 79             | 50       | 45      |
| Change in outstandings .....  | 13             | 20       | 31      |
| <b>Outstandings</b> .....   | 30             | 50       | 81      |
| <b>Small Business Administration</b>  |                |          |         |
| Small Business Administration   |                |          |         |
| Pollution control equipment fund liquidating account:                               |                |          |         |
| Claim payments .....  | 1              | 1        | 1       |
| Change in outstandings .....  | 1              | 1        | 1       |
| <b>Outstandings</b> .....   | 49             | 50       | 51      |
| Business guaranteed loan financing account:   |                |          |         |
| Claim payments .....  | 681            | 656      | 670     |
| Change in outstandings .....  | 64             | 194      | 258     |
| <b>Outstandings</b> .....   | 817            | 1,011    | 1,269   |
| Business loan fund liquidating account:   |                |          |         |
| Claim payments .....  | 26             | 28       | 22      |
| Change in outstandings .....  | -58            | -78      | 22      |
| <b>Outstandings</b> .....   | 1,320          | 1,242    | 1,264   |
| <b>Subtotal, defaulted guaranteed loans that result in a loan receivable:</b>       |                |          |         |
| Claim payments .....  | 4,524          | 5,693    | 6,526   |
| Change in outstandings .....  | -2,428         | -729     | -375    |
| <b>Outstandings</b> .....   | 32,954         | 32,225   | 31,850  |
| <b>Total:</b>   |                |          |         |
| Obligations .....   | 37,099         | 42,378   | 39,254  |
| Loan disbursements .....  | 39,987         | 45,303   | 43,859  |
| Change in outstandings .....  | 6,799          | 10,947   | 10,700  |
| <b>Outstandings</b> .....   | 241,015        | 251,962  | 262,662 |

Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT

(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |        |
|---|----------------|----------|--------|
|   |                | 2001     | 2002   |
| <b>Department of Agriculture</b>  |                |          |        |
| Farm Service Agency   |                |          |        |
| Agricultural credit insurance fund liquidating account:                             |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -123           | -102     | -67    |
| <b>Outstandings</b> .....   | 471            | 369      | 302    |
| Agricultural credit insurance fund guaranteed loan financing account:               |                |          |        |
| Commitments .....   | 3,778          | 2,318    | 3,000  |
| New guaranteed loans .....  | 2,591          | 2,700    | 2,879  |
| Change in outstandings .....  | 1,578          | 1,647    | 1,786  |
| <b>Outstandings</b> .....   | 8,601          | 10,248   | 12,034 |
| Commodity Credit Corporation export guarantee financing account:                    |                |          |        |
| Commitments .....   | 3,081          | 3,792    | 3,904  |
| New guaranteed loans .....  | 2,844          | 3,792    | 3,904  |
| Change in outstandings .....  | 1,011          | -297     | -74    |
| <b>Outstandings</b> .....   | 6,483          | 6,186    | 6,112  |
| Natural Resources Conservation Service  |                |          |        |
| Agricultural resource conservation demonstration guaranteed loan financing account: |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  |                |          |        |
| <b>Outstandings</b> .....   | 24             | 24       | 24     |
| Rural Utilities Service   |                |          |        |
| Rural communication development fund liquidating account:                           |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  |                |          |        |
| <b>Outstandings</b> .....   | 4              | 4        | 4      |
| Rural development insurance fund liquidating account:                               |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  | 1              |          |        |
| Change in outstandings .....  | -22            | -24      | -18    |
| <b>Outstandings</b> .....   | 109            | 85       | 67     |
| Rural electrification and telecommunications guaranteed loans financing account:    |                |          |        |
| Commitments .....   | 53             | 100      | 100    |
| New guaranteed loans .....  | 152            | 52       | 105    |
| Change in outstandings .....  | 152            | 50       | 102    |
| <b>Outstandings</b> .....   | 168            | 218      | 320    |
| Rural water and waste water disposal guaranteed loans financing account:            |                |          |        |
| Commitments .....   | 11             | 75       | 75     |
| New guaranteed loans .....  | 13             | 12       | 43     |
| Change in outstandings .....  | 6              | 4        | 41     |
| <b>Outstandings</b> .....   | 19             | 23       | 64     |
| Rural electrification and telecommunications liquidating account:                   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -27            | -25      | -24    |
| <b>Outstandings</b> .....   | 382            | 357      | 333    |
| Rural Housing Service   |                |          |        |
| Rural housing insurance fund liquidating account:                                   |                |          |        |
| Commitments .....   |                |          |        |
| New guaranteed loans .....  |                |          |        |
| Change in outstandings .....  | -3             | -2       | -2     |
| <b>Outstandings</b> .....   | 20             | 18       | 16     |
| Rural housing insurance fund guaranteed loan financing account:                     |                |          |        |
| Commitments .....   | 2,250          | 3,267    | 3,238  |
| New guaranteed loans .....  | 2,243          | 2,870    | 3,004  |
| Change in outstandings .....  | 1,527          | 2,023    | 2,017  |
| <b>Outstandings</b> .....   | 11,299         | 13,322   | 15,339 |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate     |              |
|---|----------------|--------------|--------------|
|   |                | 2001         | 2002         |
| <b>Rural community facility guaranteed loans financing account:</b>     |                |              |              |
| Commitments .....   | 87             | 210          | 210          |
| New guaranteed loans .....  | 63             | 135          | 155          |
| Change in outstandings .....  | 31             | 122          | 137          |
| <b>Outstandings</b> .....   | <b>225</b>     | <b>347</b>   | <b>484</b>   |
| Rural Business—Cooperative Service                                      |                |              |              |
| <b>Rural business and industry guaranteed loans financing account:</b>  |                |              |              |
| Commitments .....   | 1,008          | 2,793        | 1,000        |
| New guaranteed loans .....  | 967            | 2,091        | 1,777        |
| Change in outstandings .....  | 516            | 1,811        | 1,453        |
| <b>Outstandings</b> .....   | <b>3,180</b>   | <b>4,991</b> | <b>6,444</b> |
| <b>Department of Commerce</b>   |                |              |              |
| Departmental Management   |                |              |              |
| <b>Emergency oil and gas guaranteed loan financing account:</b>         |                |              |              |
| Commitments .....   |                | 5            |              |
| New guaranteed loans .....  |                | 5            |              |
| Change in outstandings .....  |                | 5            | -2           |
| <b>Outstandings</b> .....   |                | <b>5</b>     | <b>3</b>     |
| <b>Emergency steel guaranteed loan financing account:</b>               |                |              |              |
| Commitments .....   |                | 516          |              |
| New guaranteed loans .....  |                | 516          |              |
| Change in outstandings .....  |                | 516          | -103         |
| <b>Outstandings</b> .....   |                | <b>516</b>   | <b>413</b>   |
| Economic Development Administration                                     |                |              |              |
| <b>Economic development revolving fund liquidating account:</b>         |                |              |              |
| Commitments .....   |                |              |              |
| New guaranteed loans .....  |                |              |              |
| Change in outstandings .....  | -2             | -1           |              |
| <b>Outstandings</b> .....   | <b>1</b>       |              |              |
| National Oceanic and Atmospheric Administration                         |                |              |              |
| <b>Fisheries finance guaranteed loan financing account:</b>             |                |              |              |
| Commitments .....   |                |              |              |
| New guaranteed loans .....  |                |              |              |
| Change in outstandings .....  | -8             | -7           | -6           |
| <b>Outstandings</b> .....   | <b>54</b>      | <b>47</b>    | <b>41</b>    |
| <b>Federal ship financing fund fishing vessels liquidating account:</b> |                |              |              |
| Commitments .....   |                |              |              |
| New guaranteed loans .....  |                |              |              |
| Change in outstandings .....  | -8             | -4           | -4           |
| <b>Outstandings</b> .....   | <b>43</b>      | <b>39</b>    | <b>35</b>    |
| <b>Department of Defense—Military</b>                                   |                |              |              |
| Operation and Maintenance   |                |              |              |
| <b>Defense export loan guarantee financing account:</b>                 |                |              |              |
| Commitments .....   |                |              |              |
| New guaranteed loans .....  |                |              |              |
| Change in outstandings .....  | -4             | -4           | -4           |
| <b>Outstandings</b> .....   | <b>12</b>      | <b>8</b>     | <b>4</b>     |
| Procurement   |                |              |              |
| <b>Arms initiative guaranteed loan financing account:</b>               |                |              |              |
| Commitments .....   | 18             | 12           |              |
| New guaranteed loans .....  | 18             | 10           | 2            |
| Change in outstandings .....  | 18             | 10           | 1            |
| <b>Outstandings</b> .....   | <b>28</b>      | <b>38</b>    | <b>39</b>    |
| Family Housing  |                |              |              |
| <b>Family housing improvement guaranteed loan financing account:</b>    |                |              |              |
| Commitments .....   | 202            | 492          | 537          |
| New guaranteed loans .....  | 29             | 29           | 118          |
| Change in outstandings .....  | 29             | 27           | 116          |
| <b>Outstandings</b> .....   | <b>29</b>      | <b>56</b>    | <b>172</b>   |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate |         |
|---|----------------|----------|---------|
|   |                | 2001     | 2002    |
| <b>Department of Education</b>                                |                |          |         |
| Office of Student Financial Assistance                        |                |          |         |
| Federal family education loan liquidating account:            |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -3,211         | -3,049   | -1,936  |
| <b>Outstandings</b> .....                                     | 10,114         | 7,065    | 5,129   |
| Federal family education loan program financing account:      |                |          |         |
| Commitments .....   | 29,427         | 33,160   | 34,675  |
| New guaranteed loans .....                                    | 26,602         | 29,501   | 30,742  |
| Change in outstandings .....                                  | 16,105         | 11,504   | 9,298   |
| <b>Outstandings</b> .....                                     | 134,111        | 145,615  | 154,913 |
| <b>Department of Health and Human Services</b>                |                |          |         |
| Health Resources and Services Administration                  |                |          |         |
| Health education assistance loans financing account:          |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -16            | -28      | -33     |
| <b>Outstandings</b> .....                                     | 1,535          | 1,507    | 1,474   |
| Health education assistance loans liquidating account:        |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -71            | -91      | -97     |
| <b>Outstandings</b> .....                                     | 1,267          | 1,176    | 1,079   |
| Health center guaranteed loan financing account:              |                |          |         |
| Commitments .....   | 5              | 32       | 21      |
| New guaranteed loans .....                                    | 5              | 32       | 21      |
| Change in outstandings .....                                  | 1              | 32       | 21      |
| <b>Outstandings</b> .....                                     | 5              | 37       | 58      |
| Medical facilities guarantee and loan fund:                   |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -21            | -21      | -3      |
| <b>Outstandings</b> .....                                     | 24             | 3        |         |
| Health Care Financing Administration                          |                |          |         |
| Health maintenance organization loan and loan guarantee fund: |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -2             | -1       |         |
| <b>Outstandings</b> .....                                     | 1              |          |         |
| <b>Department of Housing and Urban Development</b>            |                |          |         |
| Public and Indian Housing Programs                            |                |          |         |
| Low-rent public housing—loans and other expenses:             |                |          |         |
| Commitments .....   |                |          |         |
| New guaranteed loans .....                                    |                |          |         |
| Change in outstandings .....                                  | -284           | -284     | -284    |
| <b>Outstandings</b> .....                                     | 2,742          | 2,458    | 2,174   |
| Indian housing loan guarantee fund financing account:         |                |          |         |
| Commitments .....   | 15             | 23       | 234     |
| New guaranteed loans .....                                    | 18             | 18       | 18      |
| Change in outstandings .....                                  | 13             | 15       | 14      |
| <b>Outstandings</b> .....                                     | 60             | 75       | 89      |
| Title VI Indian Federal guarantees financing account:         |                |          |         |
| Commitments .....   | 2              | 55       | 53      |
| New guaranteed loans .....                                    | 1              | 15       | 41      |
| Change in outstandings .....                                  | 1              | 14       | 38      |
| <b>Outstandings</b> .....                                     | 1              | 15       | 53      |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account   | 2000<br>Actual | Estimate |         |
|--|----------------|----------|---------|
|  |                | 2001     | 2002    |
| Community Planning and Development   |                |          |         |
| Revolving fund (liquidating programs):   |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -1             |          |         |
| <b>Outstandings</b> .....  |                |          |         |
| Community development loan guarantees financing account:                         |                |          |         |
| Commitments .....  | 412            | 1,258    | 609     |
| New guaranteed loans .....   | 322            | 500      | 400     |
| Change in outstandings .....   | 183            | 250      | 200     |
| <b>Outstandings</b> .....  | 1,692          | 1,942    | 2,142   |
| Community development loan guarantees liquidating account:                       |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -27            | -25      | -23     |
| <b>Outstandings</b> .....  | 107            | 82       | 59      |
| Housing Programs   |                |          |         |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account: |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -8,247         | -6,707   | -5,407  |
| <b>Outstandings</b> .....  | 47,619         | 40,912   | 35,505  |
| FHA-general and special risk insurance funds liquidating account:                |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -3,144         | -1,978   | -2,710  |
| <b>Outstandings</b> .....  | 29,761         | 27,783   | 25,073  |
| FHA-general and special risk guaranteed loan financing account:                  |                |          |         |
| Commitments .....  | 9,308          | 17,381   | 15,522  |
| New guaranteed loans .....   | 12,507         | 15,175   | 15,732  |
| Change in outstandings .....   | 9,436          | 3,717    | 5,604   |
| <b>Outstandings</b> .....  | 69,128         | 72,845   | 78,449  |
| FHA-loan guarantee recovery fund financing account:                              |                |          |         |
| Commitments .....  | 3              | 4        |         |
| New guaranteed loans .....   | 1              | 4        | 3       |
| Change in outstandings .....   | 1              | 4        | 3       |
| <b>Outstandings</b> .....  | 3              | 7        | 10      |
| FHA-mutual mortgage insurance guaranteed loan financing account:                 |                |          |         |
| Commitments .....  | 94,161         | 127,609  | 134,736 |
| New guaranteed loans .....   | 86,274         | 106,016  | 119,712 |
| Change in outstandings .....   | 46,352         | 66,970   | 47,674  |
| <b>Outstandings</b> .....  | 401,960        | 468,930  | 516,604 |
| Government National Mortgage Association   |                |          |         |
| Guarantees of mortgage-backed securities liquidating account:                    |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -10            | -11      | -12     |
| <b>Outstandings</b> .....  | 146            | 135      | 123     |
| Guarantees of mortgage-backed securities financing account:                      |                |          |         |
| Commitments .....  | 105,518        | 96,262   | 103,199 |
| New guaranteed loans .....   | 105,518        | 96,262   | 103,199 |
| Change in outstandings .....   | 33,429         | 17,518   | 11,580  |
| <b>Outstandings</b> .....  | 602,741        | 620,259  | 631,839 |
| Department of the Interior   |                |          |         |
| Bureau of Indian Affairs   |                |          |         |
| Indian loan guaranty and insurance fund liquidating account:                     |                |          |         |
| Commitments .....  |                |          |         |
| New guaranteed loans .....   |                |          |         |
| Change in outstandings .....   | -3             | -5       | -8      |
| <b>Outstandings</b> .....  | 29             | 24       | 16      |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate       |                |
|---|----------------|----------------|----------------|
|   |                | 2001           | 2002           |
| <b>Indian guaranteed loan financing account:</b>  |                |                |                |
| Commitments .....   | 60             | 60             | 75             |
| New guaranteed loans .....  | 52             | 60             | 75             |
| Change in outstandings .....  | 42             | 44             | 48             |
| <b>Outstandings</b> .....   | <b>162</b>     | <b>206</b>     | <b>254</b>     |
| <b>Department of Transportation</b>   |                |                |                |
| Office of the Secretary   |                |                |                |
| <b>Minority business resource center guaranteed loan financing account:</b>                           |                |                |                |
| Commitments .....   |                | 14             | 18             |
| New guaranteed loans .....  |                | 14             | 18             |
| Change in outstandings .....  |                | 14             | 11             |
| <b>Outstandings</b> .....   |                | <b>14</b>      | <b>25</b>      |
| Federal Highway Administration  |                |                |                |
| <b>Transportation infrastructure finance and innovation program loan guarantee financing account:</b> |                |                |                |
| Commitments .....   |                | 200            | 200            |
| New guaranteed loans .....  |                |                | 200            |
| Change in outstandings .....  |                |                | 200            |
| <b>Outstandings</b> .....   |                |                | <b>200</b>     |
| Maritime Administration   |                |                |                |
| <b>Federal ship financing fund liquidating account:</b>   |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....  |                |                |                |
| Change in outstandings .....  | -73            | -65            | -60            |
| <b>Outstandings</b> .....   | <b>248</b>     | <b>183</b>     | <b>123</b>     |
| <b>Maritime guaranteed loan (title XI) financing account:</b>   |                |                |                |
| Commitments .....   | 886            | 620            | 200            |
| New guaranteed loans .....  | 886            | 620            | 200            |
| Change in outstandings .....  | 666            | 391            | 10             |
| <b>Outstandings</b> .....   | <b>4,077</b>   | <b>4,468</b>   | <b>4,478</b>   |
| <b>Department of Veterans Affairs</b>   |                |                |                |
| Veterans Benefits Administration  |                |                |                |
| <b>Veterans housing benefit program fund liquidating account:</b>                                     |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....  | 1              |                |                |
| Change in outstandings .....  | -4,898         | -3,608         | -2,632         |
| <b>Outstandings</b> .....   | <b>12,740</b>  | <b>9,132</b>   | <b>6,500</b>   |
| <b>Veterans housing benefit program fund guaranteed loan financing account:</b>                       |                |                |                |
| Commitments .....   | 21,616         | 30,643         | 30,447         |
| New guaranteed loans .....  | 21,616         | 30,643         | 30,448         |
| Change in outstandings .....  | 7,917          | 14,076         | 12,293         |
| <b>Outstandings</b> .....   | <b>211,568</b> | <b>225,644</b> | <b>237,937</b> |
| <b>Miscellaneous veterans housing loans guaranteed loan financing account:</b>                        |                |                |                |
| Commitments .....   |                | 13             | 20             |
| New guaranteed loans .....  |                | 13             | 20             |
| Change in outstandings .....  |                | 13             | 18             |
| <b>Outstandings</b> .....   |                | <b>13</b>      | <b>31</b>      |
| <b>International Assistance Programs</b>  |                |                |                |
| International Security Assistance   |                |                |                |
| <b>Foreign military loan liquidating account:</b>   |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....  |                |                |                |
| Change in outstandings .....  | -374           | -357           | -350           |
| <b>Outstandings</b> .....   | <b>4,551</b>   | <b>4,194</b>   | <b>3,844</b>   |
| Agency for International Development  |                |                |                |
| <b>Loan guarantees to Israel financing account:</b>   |                |                |                |
| Commitments .....   |                |                |                |
| New guaranteed loans .....  |                |                |                |
| Change in outstandings .....  |                |                |                |
| <b>Outstandings</b> .....   | <b>9,226</b>   | <b>9,226</b>   | <b>9,226</b>   |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account  | 2000<br>Actual | Estimate      |               |
|---|----------------|---------------|---------------|
|   |                | 2001          | 2002          |
| Development credit authority guaranteed loan financing account:                     |                |               |               |
| Commitments .....   | 141            | 119           | 200           |
| New guaranteed loans .....  | 6              | 110           | 125           |
| Change in outstandings .....  | 6              | 96            | 111           |
| <b>Outstandings</b> .....   | <b>6</b>       | <b>102</b>    | <b>213</b>    |
| Housing and other credit guaranty programs liquidating account:                     |                |               |               |
| Commitments .....   |                |               |               |
| New guaranteed loans .....  |                |               |               |
| Change in outstandings .....  | -76            | -208          | -116          |
| <b>Outstandings</b> .....   | <b>1,684</b>   | <b>1,476</b>  | <b>1,360</b>  |
| Microenterprise and small enterprise development guaranteed loan financing account: |                |               |               |
| Commitments .....   | 56             | 72            |               |
| New guaranteed loans .....  | 44             | 36            | 36            |
| Change in outstandings .....  | 22             | 15            | 15            |
| <b>Outstandings</b> .....   | <b>64</b>      | <b>79</b>     | <b>94</b>     |
| Urban and environmental credit guaranteed loan financing account:                   |                |               |               |
| Commitments .....   | 11             | 16            |               |
| New guaranteed loans .....  | 37             | 16            |               |
| Change in outstandings .....  | 11             | -15           | -34           |
| <b>Outstandings</b> .....   | <b>545</b>     | <b>530</b>    | <b>496</b>    |
| Overseas Private Investment Corporation   |                |               |               |
| Overseas Private Investment Corporation liquidating account:                        |                |               |               |
| Commitments .....   |                |               |               |
| New guaranteed loans .....  |                |               |               |
| Change in outstandings .....  | -25            | -39           | -5            |
| <b>Outstandings</b> .....   | <b>44</b>      | <b>5</b>      |               |
| Overseas Private Investment Corporation guaranteed loan financing account:          |                |               |               |
| Commitments .....   | 1,152          | 1,267         | 1,152         |
| New guaranteed loans .....  | 426            | 500           | 525           |
| Change in outstandings .....  | 194            | 250           | 280           |
| <b>Outstandings</b> .....   | <b>3,098</b>   | <b>3,348</b>  | <b>3,628</b>  |
| <b>Small Business Administration</b>  |                |               |               |
| Small Business Administration   |                |               |               |
| Pollution control equipment fund liquidating account:                               |                |               |               |
| Commitments .....   |                |               |               |
| New guaranteed loans .....  |                |               |               |
| Change in outstandings .....  | -7             | -8            | -6            |
| <b>Outstandings</b> .....   | <b>39</b>      | <b>31</b>     | <b>25</b>     |
| Business guaranteed loan financing account:   |                |               |               |
| Commitments .....   | 13,152         | 16,187        | 17,575        |
| New guaranteed loans .....  | 12,149         | 10,488        | 9,111         |
| Change in outstandings .....  | -5,028         | -4,167        | 3,068         |
| <b>Outstandings</b> .....   | <b>31,739</b>  | <b>27,572</b> | <b>30,640</b> |
| Business loan fund liquidating account:   |                |               |               |
| Commitments .....   |                |               |               |
| New guaranteed loans .....  | 1              | 1             |               |
| Change in outstandings .....  | -642           | -432          | -340          |
| <b>Outstandings</b> .....   | <b>2,010</b>   | <b>1,578</b>  | <b>1,238</b>  |
| <b>Other Independent Agencies</b>   |                |               |               |
| Export-Import Bank of the United States   |                |               |               |
| Export-Import Bank of the United States liquidating account:                        |                |               |               |
| Commitments .....   |                |               |               |
| New guaranteed loans .....  |                |               |               |
| Change in outstandings .....  | -110           | -291          | -240          |
| <b>Outstandings</b> .....   | <b>1,104</b>   | <b>813</b>    | <b>573</b>    |
| Export-Import Bank guaranteed loan financing account:                               |                |               |               |
| Commitments .....   | 11,705         | 13,181        | 11,335        |
| New guaranteed loans .....  | 10,930         | 10,448        | 10,858        |
| Change in outstandings .....  | 4,527          | 4,251         | -282          |
| <b>Outstandings</b> .....   | <b>28,678</b>  | <b>32,929</b> | <b>32,647</b> |

**Table 8-10. GUARANTEED LOAN TRANSACTIONS OF THE FEDERAL GOVERNMENT—Continued**  
(in millions of dollars)

| Agency and Account                                    | 2000<br>Actual | Estimate  |           |
|---|----------------|-----------|-----------|
|   |                | 2001      | 2002      |
| National Credit Union Administration                  |                |           |           |
| Credit union share insurance fund:                    |                |           |           |
| Commitments .....                                     | 4              | 6         | 4         |
| New guaranteed loans .....                            | 4              | 3         | 4         |
| Change in outstandings .....                          | 3              | 2         | -2        |
| <b>Outstandings</b> .....                             | 4              | 6         | 4         |
| Presidio Trust  |                |           |           |
| Presidio Trust guaranteed loan financing account:     |                |           |           |
| Commitments .....                                     |                |           | 100       |
| New guaranteed loans .....                            |                |           | 50        |
| Change in outstandings .....                          |                |           | 49        |
| <b>Outstandings</b> .....                             |                |           | 49        |
| <b>Subtotal, Guaranteed loans (gross)</b>             |                |           |           |
| Commitments .....                                     | 298,122        | 351,762   | 362,439   |
| New guaranteed loans .....                            | 286,321        | 312,687   | 333,525   |
| Change in outstandings .....                          | 97,310         | 103,535   | 81,304    |
| <b>Outstandings</b> .....                             | 1,645,785      | 1,749,320 | 1,830,624 |
| <b>Less, secondary guaranteed loans: <sup>1</sup></b> |                |           |           |
| GNMA guarantees of FmHA/VA/FHA pools:                 |                |           |           |
| Commitments .....                                     | -105,518       | -96,262   | -103,199  |
| New guaranteed loans .....                            | -105,518       | -96,262   | -103,199  |
| Change in outstandings .....                          | -33,419        | -17,507   | -11,568   |
| <b>Outstandings</b> .....                             | -602,887       | -620,394  | -631,962  |
| <b>Total, primary guaranteed loans: <sup>2</sup></b>  |                |           |           |
| Commitments .....                                     | 192,604        | 255,500   | 259,240   |
| New guaranteed loans .....                            | 180,803        | 216,425   | 230,326   |
| Change in outstandings .....                          | 63,891         | 86,028    | 69,736    |
| <b>Outstandings</b> .....                             | 1,042,898      | 1,128,926 | 1,198,662 |

<sup>1</sup> Loans guaranteed by FHA, VA, or FmHA are included above. GNMA places a secondary guarantee on these loans, so they are deducted here to avoid double counting.

<sup>2</sup> When guaranteed loans result in loans receivable, they are shown in the direct loan table.

**Table 8–11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs)<sup>1</sup>**  
(in millions of dollars)

| Enterprise                                 | 2000<br>Actual | Estimate  |           |
|--|----------------|-----------|-----------|
|  |                | 2001      | 2002      |
| <b>LENDING</b>                             |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net change</i> .....                    | -584           | -5,380    | -2,759    |
| Outstandings .....                         | 37,213         | 31,833    | 29,074    |
| Federal National Mortgage Association:     |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net change</i> .....                    | 68,971         | 105,638   | 99,358    |
| Outstandings .....                         | 587,600        | 693,238   | 792,596   |
| Mortgage-backed securities:                |                |           |           |
| <i>Net change</i> .....                    | 31,807         | 106,111   | 92,254    |
| Outstandings .....                         | 706,104        | 812,215   | 904,469   |
| Federal Home Loan Mortgage Corporation:    |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net change</i> .....                    | 45,656         | 50,627    | 60,637    |
| Outstandings .....                         | 361,624        | 412,251   | 472,888   |
| Mortgage-backed securities:                |                |           |           |
| <i>Net change</i> .....                    | 30,029         | 51,773    | 76,056    |
| Outstandings .....                         | 559,242        | 611,015   | 687,071   |
| Farm Credit System:                        |                |           |           |
| Agricultural credit bank:                  |                |           |           |
| <i>Net change</i> .....                    | 1,178          | 482       | 674       |
| Outstandings .....                         | 19,270         | 19,752    | 20,426    |
| Farm credit banks:                         |                |           |           |
| <i>Net change</i> .....                    | 870            | 1,548     | 1,919     |
| Outstandings .....                         | 46,693         | 48,241    | 50,160    |
| Federal Agricultural Mortgage Corporation: |                |           |           |
| <i>Net change</i> .....                    | 1,261          | 1,576     | 1,106     |
| Outstandings .....                         | 3,318          | 4,894     | 6,000     |
| Federal Home Loan Banks:                   |                |           |           |
| <i>Net change</i> .....                    | 77,663         | 2,222     | 2,222     |
| Outstandings .....                         | 444,505        | 446,727   | 448,949   |
| <b>Subtotal GSE lending (gross):</b>       |                |           |           |
| <i>Net change</i> .....                    | 256,851        | 314,597   | 331,467   |
| Outstandings .....                         | 2,765,569      | 3,080,166 | 3,411,633 |
| Less guaranteed loans purchased by:        |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net change</i> .....                    | -584           | -5,380    | -2,759    |
| Outstandings .....                         | 37,213         | 31,833    | 29,074    |
| Federal National Mortgage Association:     |                |           |           |
| <i>Net change</i> .....                    | 10,825         | .....     | .....     |
| Outstandings .....                         | 62,935         | 62,935    | 62,935    |
| Other:                                     |                |           |           |
| <i>Net change</i> .....                    | 1,037          | .....     | .....     |
| Outstandings .....                         | 21,831         | 21,831    | 21,831    |
| <b>Total GSE lending (net):</b>            |                |           |           |
| <i>Net change</i> .....                    | 245,573        | 319,977   | 334,226   |
| Outstandings .....                         | 2,643,590      | 2,963,567 | 3,297,793 |
| <b>BORROWING</b>                           |                |           |           |
| Student Loan Marketing Association:        |                |           |           |
| <i>Net Change</i> .....                    | -90            | -5,418    | -2,600    |
| Outstandings .....                         | 41,501         | 36,083    | 33,483    |
| Federal National Mortgage Association:     |                |           |           |
| Portfolio programs:                        |                |           |           |
| <i>Net Change</i> .....                    | 82,159         | 103,992   | 101,399   |
| Outstandings .....                         | 607,039        | 711,031   | 812,430   |
| Mortgage-backed securities:                |                |           |           |
| <i>Net Change</i> .....                    | 31,807         | 106,111   | 92,250    |
| Outstandings .....                         | 706,104        | 812,215   | 904,465   |

**Table 8-11. LENDING AND BORROWING BY GOVERNMENT-SPONSORED ENTERPRISES (GSEs) <sup>1</sup>—**  
**Continued**  
(in millions of dollars)

| Enterprise                                      | 2000<br>Actual | Estimate  |           |
|---|----------------|-----------|-----------|
|   |                | 2001      | 2002      |
| Federal Home Loan Mortgage Corporation:         |                |           |           |
| Portfolio programs:                             |                |           |           |
| <i>Net Change</i> .....                         | 65,780         | 54,831    | 60,022    |
| Outstandings .....                              | 406,794        | 461,625   | 521,647   |
| Mortgage-backed securities:                     |                |           |           |
| <i>Net Change</i> .....                         | 30,029         | 51,773    | 76,056    |
| Outstandings .....                              | 559,242        | 611,015   | 687,071   |
| Farm Credit System:                             |                |           |           |
| Agricultural credit bank:                       |                |           |           |
| <i>Net Change</i> .....                         | 1,503          | 524       | 734       |
| Outstandings .....                              | 20,971         | 21,495    | 22,229    |
| Farm credit banks:                              |                |           |           |
| <i>Net Change</i> .....                         | 2,032          | 1,453     | 1,865     |
| Outstandings .....                              | 52,115         | 53,568    | 55,433    |
| Federal Agricultural Mortgage Corporation:      |                |           |           |
| <i>Net Change</i> .....                         | 288            | 9         | 204       |
| Outstandings .....                              | 2,861          | 2,870     | 3,074     |
| Federal Home Loan Banks:                        |                |           |           |
| <i>Net Change</i> .....                         | 99,585         |           |           |
| Outstandings .....                              | 577,057        | 577,057   | 577,057   |
| <b>Subtotal GSE borrowing (gross):</b>          |                |           |           |
| <i>Net change</i> .....                         | 313,093        | 313,275   | 329,930   |
| Outstandings .....                              | 2,973,684      | 3,286,959 | 3,616,889 |
| Less borrowing from other GSEs:                 |                |           |           |
| <i>Net Change</i> .....                         | 23,957         |           |           |
| Outstandings .....                              | 120,344        | 120,344   | 120,344   |
| Less purchase of Federal debt securities:       |                |           |           |
| <i>Net Change</i> .....                         | -43            | 28        | 28        |
| Outstandings .....                              | 1,620          | 1,648     | 1,676     |
| Less borrowing to purchase loans guaranteed by: |                |           |           |
| Student Loan Marketing Association:             |                |           |           |
| <i>Net Change</i> .....                         | -584           | -5,380    | -2,759    |
| Outstandings .....                              | 37,213         | 31,833    | 29,074    |
| Federal National Mortgage Association:          |                |           |           |
| <i>Net Change</i> .....                         | 10,825         |           |           |
| Outstandings .....                              | 62,935         | 62,935    | 62,935    |
| Other:  |                |           |           |
| <i>Net Change</i> .....                         | 1,037          |           |           |
| Outstandings .....                              | 21,831         | 21,831    | 21,831    |
| <b>Total GSE borrowing (net):</b>               |                |           |           |
| <i>Net change</i> .....                         | 277,901        | 318,627   | 332,661   |
| Outstandings .....                              | 2,729,741      | 3,048,368 | 3,381,029 |

<sup>1</sup>The estimates of borrowing and lending were developed by the GSEs based on certain assumptions but are subject to periodic review and revision and do not represent official GSE forecasts of future activity, nor are they reviewed by the President. The data for all years include programs of mortgage-backed securities. In cases where a GSE owns securities issued by the same GSE, including mortgage-backed securities, the borrowing and lending data for that GSE are adjusted to remove double-counting.

**Table 8–12. GOVERNMENT-SPONSORED ENTERPRISE PARTICIPATION IN THE CREDIT MARKET <sup>1</sup>**  
(dollar amounts in billions)

|  | Actual |      |       |       |       |       |       |       |       |       |         |       |
|--|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------|
|  | 1965   | 1970 | 1975  | 1980  | 1985  | 1990  | 1995  | 1996  | 1997  | 1998  | 1999    | 2000  |
| Total net lending in credit market .....         | 66.8   | 88.2 | 169.6 | 336.9 | 829.3 | 705.2 | 705.6 | 716.1 | 722.1 | 993.4 | 1,111.8 | 937.9 |
| Government-sponsored enterprise loans .....      | 1.2    | 4.9  | 5.3   | 21.4  | 57.9  | 115.4 | 125.7 | 141.5 | 112.8 | 293.1 | 284.0   | 245.6 |
| GSE lending participation rate (percent) .....   | 1.8    | 5.6  | 3.1   | 6.4   | 7.0   | 16.4  | 17.8  | 19.8  | 15.6  | 29.5  | 25.5    | 26.2  |
| Total net borrowing in credit market .....       | 66.8   | 88.2 | 169.6 | 336.9 | 829.3 | 705.2 | 705.6 | 716.1 | 722.1 | 993.4 | 1,111.8 | 937.9 |
| Government-sponsored enterprise borrowing ..     | 1.4    | 5.2  | 5.5   | 24.1  | 60.7  | 90.0  | 68.2  | 161.2 | 107.9 | 276.2 | 346.8   | 277.9 |
| GSE borrowing participation rate (percent) ..... | 2.1    | 5.9  | 3.2   | 7.2   | 7.3   | 12.8  | 9.7   | 35.7  | 14.9  | 36.6  | 31.2    | 29.6  |

<sup>1</sup> Government-sponsored enterprises (GSEs) are financial intermediaries. GSE borrowing (lending) is nevertheless compared with total credit market borrowing (lending) by nonfinancial sectors, because GSE borrowing (lending) is a proxy for the borrowing (lending) by nonfinancial sectors that the GSEs assist through intermediation. The GSEs assist the ultimate nonfinancial borrower by purchasing its loans from the initial, direct lender or by other methods, which they finance by issuing securities themselves in the credit market. Borrowing and lending include mortgage-backed securities, because the GSEs assist nonfinancial borrowers through this type of intermediation as well as by types of intermediation that involve financial instruments recognized on the GSEs' balance sheets. The data for this table are adjusted, with some degree of approximation, to remove double counting in making a comparison with other Federal and federally guaranteed transactions. GSE borrowing and lending are calculated net of transactions between components of GSEs and transactions in guaranteed loans; GSE borrowing is also calculated net of borrowing from other GSEs and purchases of Federal debt securities.

<sup>2</sup> Total net borrowing (or lending) in credit market by domestic nonfinancial sectors, excluding equities. Credit market borrowing (lending) is the acquisition (loan) of funds other than equities through formal credit channels. Financial sectors are omitted from the series used in this table to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Equities, trade credit, security credit, and other sources of funds are also excluded from this series. Source: Federal Reserve Board flow of funds accounts. Estimates for 2001 and 2002 are not available.

**Table 8-13. BORROWING BY FINANCING VEHICLES <sup>1</sup>**

(in millions of dollars)

| Financing Vehicle                          | 2000<br>Actual | Estimate |        |
|--|----------------|----------|--------|
|  |                | 2001     | 2002   |
| Financing Corporation (FICO):              |                |          |        |
| <i>Net change</i> .....                    | 1              | 2        | 1      |
| Outstandings .....                         | 8,147          | 8,149    | 8,150  |
| Resolution Funding Corporation (REFCORP):  |                |          |        |
| <i>Net change</i> .....                    | -2             | -2       | -2     |
| Outstandings .....                         | 30,064         | 30,062   | 30,060 |
| <b>Subtotal, gross borrowing:</b>          |                |          |        |
| <i>Net change</i> .....                    | -1             | .....    | -1     |
| Outstandings .....                         | 38,211         | 38,211   | 38,210 |
| Less purchases of Federal debt securities: |                |          |        |
| <i>Net change</i> .....                    | 552            | 594      | 644    |
| Outstandings .....                         | 7,169          | 7,763    | 8,407  |
| <b>Total, net borrowing:</b>               |                |          |        |
| <i>Net change</i> .....                    | -553           | -594     | -645   |
| Outstandings .....                         | 31,042         | 30,448   | 29,803 |

<sup>1</sup> Financing vehicles are Government corporations established pursuant to law in order to provide financing for a Federal program but excluded from the on-budget and off-budget totals. FICO and REFCORP borrowed from the public in the past but have not loaned to the public. During the period covered by this table, the change in debt outstanding is due solely to the amortization of discounts and premiums. No sale or redemption of debt securities occurred in 2000 or is estimated to occur in 2001 or 2002.

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

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

Federal grants help State and local governments finance programs covering most areas of domestic public spending, including income support, infrastructure, education, and social services. Federal grant outlays were \$284.7 billion in 2000 and are estimated to increase to \$316.3 billion in 2001 and \$350.1 billion in 2002.

Grant outlays for payments for individuals, such as Medicaid, are estimated to be 63.6 percent of total grants in 2002; for physical capital investment, 16.1 percent; and for all other purposes, largely education, training, and social services, 20.3 percent.

Federal aid to State and local governments is also provided through tax expenditures. Tax expenditures are the result of special exclusions, exemptions, deductions, credits, deferrals, or tax rates in the Federal tax laws.

The two major tax expenditures benefitting State and local governments are the deductibility of personal income and property taxes from gross income for Federal income tax purposes, and the exclusion of interest on State and local public purpose bonds from Federal taxation. These provisions, on an outlay equivalent basis, are estimated to be \$102.7 billion in 2001 and \$108.0 billion in 2002. A detailed discussion of the measurement and definition of tax expenditures and a complete list of the amount of specific tax expenditures are in Chapter 5, "Tax Expenditures." As discussed in that chapter, there are generally interactions among tax ex-

penditure provisions, so that the estimates above only approximate the aggregate effect of these provisions.

Tax expenditures that especially aid State and local governments are displayed separately at the end of Table 5-5 in that chapter.

**Table 9-1. FEDERAL GRANT OUTLAYS BY AGENCY**

(In billions of dollars)

| Agency  | 2000<br>Actual | Estimate     |              |
|---|----------------|--------------|--------------|
|   |                | 2001         | 2002         |
| Department of Agriculture .....                   | 19.0           | 20.5         | 21.2         |
| Department of Commerce .....                      | 0.5            | 0.7          | 0.6          |
| Department of Education .....                     | 22.2           | 24.5         | 27.1         |
| Department of Energy .....                        | 0.1            | 0.2          | 0.3          |
| Department of Health and Human Services .....     | 162.5          | 184.5        | 208.3        |
| Department of Housing and Urban Development ..... | 25.1           | 26.7         | 27.8         |
| Department of the Interior .....                  | 2.2            | 2.7          | 2.6          |
| Department of Justice .....                       | 4.8            | 4.2          | 5.8          |
| Department of Labor .....                         | 7.3            | 8.3          | 9.1          |
| Department of Transportation .....                | 32.2           | 35.3         | 38.3         |
| Department of the Treasury .....                  | 0.5            | 0.5          | 0.4          |
| Department of Veterans Affairs .....              | 0.4            | 0.4          | 0.5          |
| Environmental Protection Agency .....             | 3.5            | 3.6          | 3.8          |
| Federal Emergency Management Agency .....         | 2.5            | 2.4          | 2.5          |
| Other agencies .....                              | 1.8            | 1.8          | 1.8          |
| <b>Total .....</b>                                | <b>284.7</b>   | <b>316.3</b> | <b>350.1</b> |

Table 9-1 shows the distribution of grants by agency. Grant outlays for the Department of Health and Human Services are estimated to be \$208.3 billion in 2002, 59.5 percent of total grants, more than five times as much as any other agency.

### HIGHLIGHTS OF THE FEDERAL AID PROGRAM

Major proposals in this budget affect Federal aid to State and local governments and the important relationships between the levels of government. Through the use of grants, the Federal government can share with State and local governments the cost and, ultimately, the benefits of a better educated, healthier, and safer citizenry. The Administration is committed to working with State and local governments to make our Federal system more efficient and effective and to improving the design, administration, and financial management of Federal grant programs. One way the Administration will do this is by expanding a government-

wide effort to use electronic processing in the administration of grant programs.

This budget reflects the Administration's commitment to giving State and local governments increased flexibility. Through the use of grants, Federal agencies can create partnerships with State and local governments that focus on common goals and the progress made toward meeting them. The Administration's efforts to improve the grant administration process will include efforts to consolidate grants that support programs with similar missions to create one flexible grant, and ex-

<sup>1</sup>Federal aid to State and local governments is defined as the provision of resources by the Federal Government to support a State or local program of governmental service

to the public. The three primary forms of aid are grants, loan subsidies, and tax expenditures.

pand transfer authorities for public health grants to remove barriers to target resources.

In addition, this budget proposes several initiatives to help all children read by the third grade; improve the services provided to Indian children to address their unique educational and cultural needs; assist low income working parents obtain quality after school childcare with a strong educational component; establish positive incentives for private landowners and local communities to preserve land and protect imperiled species; aid counties along the Southwest Border with costs associated with federally-referred drug cases; and expand transportation and employment options for people with disabilities.

Highlights of grants to State and local governments follow. For additional information on grants, see the detailed Table 9-3 in this Chapter, *A Blueprint for New Beginnings* (February 28, 2001), or Section III of the Budget volume.

### Education

The budget requests \$29.8 billion in 2002 program level for the Department of Education for grants to States and local governments for education, an increase of \$3.3 billion above the 2001 amount of \$26.5 billion. These program levels do not equate with 2001 and 2002 budget authority, which are distorted by advance appropriations. The budget proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. The education proposals in this budget will help States improve accountability for school and student performance, enhance teacher quality, increase flexibility, and support innovative programs.

The President's plan would grant States and school districts unprecedented freedom from rules and regulations—in exchange for accountability for results. States will establish accountability systems built on high standards, annual tests, measurable goals, rewards for success, and sanctions for failure. They will be required to test students every year in grades 3-8 in math and reading so that parents, teachers, and communities will know if their schools and students are meeting State academic standards. The budget provides \$320 million to support the costs of developing new assessments. Once accountability systems are in place, a new Federal fund will reward States and schools that improve student achievement.

The budget requests \$9.1 billion for Title I Grants to Local Educational Agencies (LEAs) to help improve achievement among students most at-risk of not reaching State academic standards. The Title I program enables high-poverty schools to provide extra educational assistance to their students so they can catch up with their peers. The President's plan would require States to set measurable performance targets to ensure that all groups of disadvantaged students improve, and would hold schools accountable for meeting those goals. Schools that fail to meet performance targets will receive help to turn themselves around. The Administra-

tion seeks \$400 million for 2002 within Title I Grants to LEAs for low-performing schools, a \$175 million or 78 percent increase over 2001. States and districts will use these funds to provide technical assistance and intensive interventions to improve achievement in schools that are failing to make sufficient academic gains. Students in schools that are consistently low-performing will have the option of transferring to a better public school, or of using their share of Federal Title I funds to seek supplemental educational services or private school alternatives. This combination of accountability for improved achievement among all groups of students, extra help for struggling schools, and the unacceptability of chronic failure, provides powerful incentives for all Title I schools to use their funds on effective, proven practices in order to achieve results.

The budget builds a foundation for success by investing \$900 million for 2002 in the Reading First initiative to help all children read by third grade. This new program will provide funds to States that establish comprehensive reading programs in kindergarten through second grade. States would be required to implement scientifically-proven reading programs, train K-2 teachers in proven teaching practices, implement effective reading interventions for students who are falling behind, and use a reading diagnostic test in K-2 to identify students early who have reading difficulties. Ensuring that children receive effective reading instruction means that more children will get the help they need before they fall too far behind, and will result in fewer referrals to special education in later years. The budget also includes \$75 million for the Early Reading First initiative that helps implement research-based reading practices in existing pre-school and Head Start programs that feed into participating elementary schools. This program will help ensure that children enter school ready to learn to read.

The budget proposes \$2.6 billion in 2002, an increase of \$0.4 billion above 2001, to prepare, train, and recruit a high-quality teaching force. States would have the flexibility to invest these funds to address their most pressing quality improvement needs, whether it be to alleviate shortages, enhance skills, or reform the certification process. The President's plan combines funding from the largest Federal teacher programs, including the Class Size Reduction program and Eisenhower Professional Development programs into a streamlined, performance-based grant to States and school districts.

The Administration supports a streamlined educational technology fund that consolidates eight overlapping programs into one flexible \$817 million fund for 2002. The President believes that technology must be used to improve learning and that Federal funding for educational technology must focus on results. This performance-based formula grant will provide States greater discretion to make educational technology an effective learning tool, and ensure that more technology funds reach the classroom.

In addition to these reforms, the Administration is seeking administrative improvements in the E-rate pro-

gram to ensure that this program provides greater flexibility to schools and libraries in how they use their E-rate discounts, while reducing the administrative burden they have faced in applying for educational technology funds. The E-rate program, or Education Rate, is administered by the Federal Communications Commission and provides discounts for schools and libraries to purchase high-speed Internet access, internal wiring, and telecommunications services. The Administration also proposes \$80 million in matching grants, through the Department of Housing and Urban Development's Community Development Block Grant, to support Community Technology Centers in high poverty areas.

A variety of other innovative programs to improve the educational development of the Nation's students is proposed, or expanded from previous funding levels.

- The budget provides \$200 million for an expanded Math and Science Partnership program, administered by the National Science Foundation in coordination with the Department of Education, in order for States to join with institutions of higher education to strengthen K-12 math and science instruction and curriculum.
- The Administration proposes to consolidate Bilingual Education, Foreign Language Assistance, and Immigrant Education funds into a \$460 million formula-driven grant to provide school districts with added flexibility in exchange for more effective transitioning of Limited-English proficient (LEP) students into English fluency and improving their overall achievement levels. Funds will be distributed to States based on their shares of LEP and immigrant students.
- The Administration requests \$116 million to support formula grants to local educational agencies and Bureau of Indian Education (BIA)-operated schools to implement programs that address the unique educational and cultural needs of Indian children. This level of funding will also fund the second cohort of Native American teachers through the American Indian Teacher Corps Initiative and continue funding for the American Indian Administrator Corps.
- The most direct form of accountability is a parent's ability to choose the school his or her child will attend. The Administration is committed to expanding the educational choices that parents and students have. Under the new Choice and Innovation fund, the Administration proposes to consolidate ten programs to create a \$471 million fund that provides States with the flexibility to pursue a range of effective education reform strategies and to address areas of State and local need.
- The President's plan for improving school safety and drug-use prevention emphasizes research-based practices, includes tougher enforcement of existing gun laws, grants teachers control over their classrooms, improves cooperation between school districts and law enforcement, and stresses

accountability for results. Under the \$644 million Safe and Drug Free Schools and Communities program, districts will be held accountable for the effectiveness of their crime prevention and drug outreach activities, and students trapped in persistently dangerous schools will have the option to transfer to a safer alternative.

- The Administration request includes \$846 million for a more flexible after-school program that allows States and school districts to award Federal funds to private and faith-based entities, thereby empowering local communities to provide a wider array of choices for students and parents. Expanding access to high-quality before- and after-school programs is a key strategy in providing students safe and supervised environments and extending learning time to improve student achievement. States would conduct grant competitions to support before and after-school programs that are proven to be effective and advance statewide academic achievement goals.

This program will be supplemented by a new \$400 million initiative in the Department of Health and Human Services for After School Certificates within the Child Care and Development Block Grant to help low income working parents obtain quality after school childcare with a strong educational component.

- The Administration requests \$8.1 billion for 2002, \$1.0 billion more than 2001, for three special education programs that serve more than six million children with disabilities from birth to age 21. This increased funding will further help States and local school districts meet their obligations under the Individuals with Disabilities Education Act.
- The budget proposes \$1.1 billion for the Impact Aid program, \$137 million more than the 2001 appropriation. The request provides a significant increase for the Impact Aid construction program to improve the quality of public school buildings and eliminate the backlog of repairs and construction for schools on or near military facilities and those serving children from Native American lands.

### **Training and Employment**

The budget reflects the Administration's continued support to reform the Nation's workforce development system and provide job training opportunities to help workers succeed in the economy of the 21st Century.

The Workforce Investment Act (WIA) of 1998 took full effect on July 1, 2000, as the Job Training Partnership Act was repealed and all States began to fully implement the WIA requirements. The WIA calls for a customer-driven job training system that: (1) streamlines services through One-Stop Career Centers; (2) empowers individuals with the information and resources they need to choose the training that is right for them; (3) provides universal access to a core set of employ-

ment services such as job search assistance; (4) increases accountability; (5) ensures a strong role for the private sector and the local boards who develop and oversee programs; (6) facilitate State and local flexibility; and (7) improve the quality of youth job training services. The budget proposes \$5.1 billion for these activities, which does not equate with 2002 budget authority, which is distorted by advance appropriations. The budget proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations.

In order to enhance the employment prospects of individuals with disabilities, the budget includes \$20 million for competitive grants to partnerships or consortia to provide new services and information for individuals with disabilities who want to return to work. These partnerships would work with the One-Stop system to augment its capabilities to provide timely and accurate information that people with disabilities need to get jobs and learn about the benefits available to them when they return to work. In addition, the partnerships would improve local service delivery by coordinating the State and local agencies and disability organizations that help individuals with disabilities prepare to enter or reenter the workforce.

### Social Services

The Head Start program gives low-income children a comprehensive approach to child development, stressing language and cognitive development, health, nutrition, and social competency. Head Start is administered by the Administration for Children and Families (ACF). The Administration requests \$6.3 billion for Head Start, a \$125 million increase over the 2001 level. In 2002, Head Start will serve approximately 916,000 children. Within the overall total of children served, approximately 55,000 children under age three will participate in the Early Head Start component. The Administration proposes to reform Head Start and return it to its original purpose—education. Head Start programs will be required to adopt a proven core curriculum that makes school readiness—pre-reading and numeracy—its top priority. The budget includes an Early Reading First program within the Department of Education for research-based reading programs in existing pre-school programs, including Head Start programs. Planning is also underway to move Head Start to the Department of Education to reinforce the emphasis on school readiness.

This budget requests \$1.7 billion in budget authority for the Social Services Block Grant (SSBG). This program provides flexible funds to States for social services for low-income individuals and families.

### Income Support

**Food and nutrition assistance.**—This budget requests \$9.9 billion in budget authority for grants for the National School Lunch and School Breakfast Programs, which provide free or low-cost nutritious meals to children in participating schools. In 2002, the pro-

grams will serve an estimated 28.0 million lunches and 8.4 million breakfasts daily. By 2005, the program aims to reduce the average percent of calories from saturated fat in school lunches to 10 percent, down from 12 percent in 1998–1999. The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides vouchers for nutritious supplemental food packages, nutrition education and counseling, and health and immunization referrals to low-income women, infants, and children. The program reached an average of nearly 7.2 million people each month in 2000. Participation in 2001 is projected to exceed 7.2 million women, infants, and children monthly, and the budget proposes \$4.1 billion, an increase of \$94 million, to serve 7.25 million people monthly in 2002.

**Other income security.**—The Child Care and Development Fund provides grants to States for the purposes of providing low-income families with financial assistance for child care, improving the quality and availability of child care, and establishing, expanding, or conducting early childhood development programs and before- and after-school programs. In 2000, Federal child care funding provided child care services for approximately 1.8 million children from low-income working families or whose parents are moving from welfare to work. The budget proposes a new \$400 million after school certificate program within the Child Care and Development Block Grant, raising the total request to \$2.2 billion in budget authority. The new program would provide grants to States to assist up to 500,000 parents in obtaining after-school child care with a high-quality education focus.

### Health

This budget proposes \$164.0 billion in outlays for 2002 grants to State and local governments for health, \$22.2 billion more than for 2001.

**Immediate Helping Hand (IHH).**—The Immediate Helping Hand initiative provides critical assistance to our Nation's most vulnerable senior citizens for the cost of their prescription drugs. This budget provides \$46.0 billion for 2001–2005 to States to help low-income Medicare beneficiaries pay for their prescriptions. This proposal builds on coverage that is already in place in more than half the States and would provide benefits to 9.5 million vulnerable Medicare beneficiaries who currently do not have any other prescription drug coverage. The plan is unique because needy seniors will be able to get help with their prescription drug costs this year.

**Medicaid.**—Medicaid is the largest grant program, with outlays projected to be \$142.4 billion in 2002, including the changes proposed in this budget. This Federal-State health care program served about 33.4 million low-income Americans in 2000. The Federal Government spent \$117.9 billion, 57 percent of the total, on the program in 2000 while States spent \$88.9 billion, or 43 percent. Medicaid covers a fourth of the Nation's

children and is the largest single purchaser of maternity care as well as of nursing home services and other long-term care services. The program covers almost two-thirds of nursing home residents. The elderly and disabled made up a third of Medicaid enrollees in 2000, but accounted for approximately two-thirds of spending on benefits. Medicaid serves at least half of all adults living with AIDS (and up to 90 percent of children with AIDS), and is the largest single payer of direct medical services to adults living with AIDS. Medicaid pays for over one-third of the Nation's long-term care services. Medicaid spends more on institutional care today than it does for home and community-based care, but the mix of payments is expected to be almost equal in 10 years.

Current restrictions and requirements in the Medicaid program may be inhibiting the ability of States to operate the program efficiently. In addition to taking steps to further address the Medicaid "upper payment limit" loophole, the Administration plans to consult with the States on the development of ideas to increase State flexibility, control Medicaid costs, and ensure the fiscally prudent management of the Medicaid program.

**State Children's Health Insurance Program.**—The State Children's Health Insurance Program (S-CHIP) was established in 1997 in the Balanced Budget Act to provide \$24 billion over five years for States to expand health insurance coverage to low-income, uninsured children. S-CHIP provides States with broad flexibility in program design while protecting beneficiaries through basic Federal standards. In 2000, 3.3 million children were enrolled in S-CHIP, which is a 70 percent increase over 1999 enrollment.

**Other health.**—This budget requests Federal spending for certain public health programs that assist State and local governments in increasing access to health care by increasing the number of community health center sites and addressing heart disease, diabetes, and childhood obesity. The budget includes a Community and Migrant Health Center Initiative to increase access to health care by increasing the number of community health center sites by 1,200 over five years. In 2002, the number of health center sites will increase by almost 100. The Administration proposes \$1.3 billion in 2002 for this effort, an increase of \$124 million over 2001. The Administration also proposes the Healthy Communities Innovation Fund Initiative, which supports grants that will make available approximately \$400 million within existing grant activities to target innovative solutions in areas of health risks such as heart disease, adult and childhood Type II diabetes, and childhood obesity.

### **Natural Resources and Environment**

The Administration requests \$900 million from the Land and Water Conservation Fund (LWCF) to acquire and conserve lands in national parks, forests, refuges, and public lands, and provide grants to States for broad conservation and outdoor recreation purposes. The Na-

tional Park Service (NPS) requests \$450 million in budget authority for 2002 for LWCF matching grants to States in support of State and local conservation and outdoor recreation efforts. In 2002, two new programs are proposed that would establish positive incentives for private landowners and local communities to protect imperiled species and restore habitat: \$50 million in matching grants to help States establish Landowner Incentive Programs to help private landowners protect imperiled species, and \$10 million to establish a Private Stewardship Grant Program to provide funding for private conservation initiatives.

The budget assists State and local governments to add 400 miles of recreational trails, 850 miles of recreational river corridors, and 169,000 acres of recreational parkland, through the LWCF State grants and NPS partnerships. In addition, the States and Tribes would receive \$1.1 billion in grants in 2002, the highest level ever, to administer delegated programs and other responsibilities pursuant to Environmental Protection Agency (EPA) statutes. Included in this total is \$25 million in new funding for State enforcement programs, reflecting a shift in enforcement responsibilities in delegated States from Federal enforcement to expanded State enforcement. The total also includes \$25 million in grant funding to help States better integrate their environmental information systems.

Funding is provided for EPA State Wastewater Grants to fund the Clean Water State Revolving Funds at \$850 million and the newly authorized Sewer Overflow Control Grant program at \$450 million. The EPA Drinking Water State Revolving Fund is funded at \$823 million.

### **Administration of Justice**

The Administration requests \$4.3 billion in budget authority for 2002 to help State and local governments fight crime, including \$567 million to assist crime victims and \$154 million in Department of Justice initiatives to help State and local governments protect young people from gun-related violence. As part of the U.S. Attorney's Project Sentry, \$20 million in grants will be available to help establish partnerships for reducing youth gun violence. The budget also proposes \$50 million for grants to encourage States to get tough on gun criminals with increased arrests, prosecutions, and public awareness campaigns. In addition, \$75 million will be allocated to Project ChildSafe, a new Federal, State and local partnership to ensure that child safety locks are made available for every handgun in America. As part of the Administration's broader strategy for reducing the supply and demand for drugs, \$50 million is proposed for a new grant program within the Office of Justice Programs to aid counties along the Southwest Border with the costs of detaining and prosecuting drug cases referred to them by U.S. Attorneys. To combat the significant problem of violence against women, the budget proposes \$391 million, an increase of \$103 mil-

lion over 2001, to fund both existing and new programs authorized in the Violence Against Women Act of 2000.

This budget proposes to reduce a number of Department of Justice State and local assistance programs from their 2001 level, mainly those that have already served their primary purpose or are less essential to core Federal law enforcement objectives. These reductions include a net reduction of \$182 million in the Community Oriented Policing Services program, which has well exceeded its initial goal of funding 100,000 new officers; \$451 million from State Prison Grants, which have accomplished their goal of encouraging State "truth in sentencing" policies; \$299 million from the State Criminal Alien Assistance Program, which contributes little to reducing violent crime; \$122 million from Local Law Enforcement Block Grants, which fund areas covered by other Justice programs; and elimination of the \$69 million Byrne discretionary grant program, whose competitive procedures have been eroded by legislative mandates.

### Transportation

The Administration requests \$45.0 billion in budgetary authority in 2002 for grants to State and local governments to assist with transportation infrastructure and related programs, including highways, transit, airports and other areas.

**Highways and Transit.**—The budget requests \$31.6 billion in budgetary resources in 2002 for the Federal-aid highways program to maintain and improve surface transportation infrastructure. Within this program, competitive matching grants are funded at \$100 million and pilot programs are funded at \$45 million, to promote access to alternative methods of transportation, a new initiative to expand transportation options for people with disabilities.

In addition, the budget requests \$212 million in budget authority for highway traffic safety grants to increase seat belt use, decrease alcohol related fatalities, and improve State safety data. The budget includes \$210 million for grants to States to enforce Federal and State standards for commercial motor vehicle safety inspections, traffic enforcement, and compliance reviews. This budget requests \$6.6 billion in budgetary resources for 2002 to assist State and local governments with mass transit.

**Airports.**—The budget requests \$3.3 billion in budgetary resources in 2002 for the Airport Improvement Program (AIP), which will enhance the Nation's airport system through increasing safety and security, reducing system delays and providing new capacity to meet anticipated demands.

### Community and Regional Development

**Community development.**—Community Development Block Grants (CDBG) provide funds for various community development activities directed primarily at low-and moderate-income persons. This budget requests

\$4.7 billion in budget authority for 2002 in CDBG grants for improving housing, public works and services, promoting economic development, and acquiring or clearing land. The University Partnerships Program, a set-aside within CDBG, provides grants to academic institutions including Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges. The Indian CDBG, also a set-aside within the CDBG program, focuses mainly on public infrastructure, community facilities, and economic development on reservations.

The Department of Commerce's Economic Development Administration (EDA) provides assistance to communities to help build capacity and address long-term economic challenges through its nationwide program delivery network. EDA's public works grants help build or expand public facilities to stimulate industrial and commercial growth, such as industrial parks, business incubators, access roads, water and sewer lines, and port and terminal developments. EDA also assists communities in addressing sudden and severe economic downturns and in adjusting to downsizing and closure of defense facilities. The President's budget requests \$335 million of budget authority for EDA grants and targets 40 percent of EDA grants to areas of highest distress nationwide in 2002. The budget also proposes \$165 million in grant funding and tax incentives for Empowerment Zones (EZs) to carry out 10-year, community-wide strategic plans to revitalize designated areas.

**Area and regional development.**—The budget provides flexible funding to meet the needs of rural areas through the Rural Community Advancement Program (RCAP). RCAP provides grants, loans, and loan guarantees to stimulate economic development, help build rural community facilities, such as health clinics, day care centers as well as water and wastewater systems. Under RCAP, States have increased flexibility within the three funding streams for Water and Wastewater, Community Facilities, and Business and Industry. USDA State Directors have the authority to transfer up to 25 percent of the funding among any of these programs to tailor RCAP assistance to the specific rural economic development needs of individual States. The budget proposes \$2.9 billion in loans and grants for RCAP.

To fulfill the Federal government's commitments to the District of Columbia under the Revitalization Act, the Administration's budget provides \$494 million for District courts and corrections, including \$201 million to house the District's sentenced felon population, \$147 million for the Court Services and Offender Supervision Agency, and \$146 million for the DC Courts. In addition, the budget provides \$17 million to continue the District's Tuition Assistance Grant Program.

### Other Functions

Discussions of these and other Federal aid programs can be found in the main budget volume in Section III, and elsewhere. As noted earlier, a detailed listing

of budget authority and outlays for all grants to State and local governments is in Table 9–3 in this chapter.

### HISTORICAL PERSPECTIVES

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

Table 9–2 displays trends in Federal grants to State and local governments since 1960. Section A shows Federal grants by function. Functions with a substantial amount of grants are shown separately. Grants for the national defense, energy, and the veterans benefits and services functions are combined in the “other functions” line in the table.

Federal grants for transportation increased to \$3.0 billion, or 43 percent of all Federal grants, in 1960 after initiation of aid to States to build the Interstate Highway System in the late 1950s.

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

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

Since the late 1970s changes in the relative amounts among functions reflect steady growth of grants for health (Medicaid) and income security and restraint in most other areas. The functions with the largest amount of grants are health; income security; education, training, employment, and social services; and transportation, with combined estimated grant outlays of \$325.4 billion or 93 percent of total grant outlays in 2002.

The increase in total outlays for grants overall since 1990 has been driven by increases in grants for health, which more than tripled from \$43.9 billion in 1990 to an estimated \$164.0 billion in 2002. The income security; education, training, employment, and social services; and transportation functions also increased substantially, but at a slower rate than the increase for health.

Section B of the Table shows the distribution of grants divided into mandatory and discretionary spending.

Funding for grant programs classified as mandatory occurs in authorizing legislation. Funding levels for mandatory programs can only be changed by changing eligibility criteria or benefit formulas established in law and are usually not limited by the annual appropriations process. Outlays for mandatory grant programs are estimated to be \$212.0 billion in 2002. The three largest mandatory grant programs are Medicaid, with estimated outlays of \$142.4 billion in 2002, temporary assistance for needy families, \$17.3 billion in 2002, and food stamp grants for State administration and child nutrition programs, with combined outlays of \$13.9 billion in 2002.

The funding level for discretionary grant programs is subject to approval by Congress annually through appropriations acts. Outlays for discretionary grant programs are estimated to be \$138.1 billion in 2002. Table 9–3 at the end of this chapter identifies discretionary and mandatory grant programs separately. For more information on the Budget Enforcement Act and these categories, see Chapter 24 “Budget System and Concepts and Glossary” in this volume.

Section C of Table 9–2 shows the composition of grants divided into three major categories: payments for individuals, grants for physical capital, and other grants<sup>2</sup> Grant outlays for payments for individuals, which are mainly entitlement programs in which the Federal Government and the States share the costs, have grown significantly as a percent of total grants. They increased from 55.9 percent of the total in 1990 to 62.2 percent of the total in 2000. While payments for individuals will comprise 63.6 percent of grants in 2002, they are estimated to increase to an estimated 66.0 percent of the total by 2006.

These grants are distributed through State or local governments to provide cash or in-kind benefits that constitute income transfers to individuals or families. The major grant in this category is Medicaid, which had outlays of \$117.9 billion in 2000, increasing to an estimated \$142.4 billion in 2002. Temporary assistance for needy families, food stamps, child nutrition programs, and housing assistance are also large grants in this category.

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

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

**Table 9-2. TRENDS IN FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS**  
(Outlays; dollar amounts in billions)

|   | Actual |        |        |        |        |        |        |        |        |        | Estimate |        |        |        |        |  |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------|--------|--------|--------|--------|--|
|   | 1960   | 1965   | 1970   | 1975   | 1980   | 1985   | 1990   | 1995   | 2000   | 2001   | 2002     | 2003   | 2004   | 2005   | 2006   |  |
| <b>A. Distribution of grants by function:</b>                   |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Natural resources and environment .....                         | 0.1    | 0.2    | 0.4    | 2.4    | 5.4    | 4.1    | 3.7    | 4.0    | 4.6    | 5.1    | 5.1      | 5.1    | 5.2    | 5.2    | 5.1    |  |
| Agriculture .....   | 0.2    | 0.5    | 0.6    | 0.4    | 0.6    | 2.4    | 1.3    | 0.8    | 0.7    | 0.8    | 0.8      | 0.8    | 0.8    | 0.8    | 0.8    |  |
| Transportation .....  | 3.0    | 4.1    | 4.6    | 5.9    | 13.0   | 17.0   | 19.2   | 25.8   | 32.2   | 35.3   | 38.3     | 40.2   | 41.8   | 43.6   | 44.9   |  |
| Community and regional development .....                        | 0.1    | 0.6    | 1.8    | 2.8    | 6.5    | 5.2    | 5.0    | 7.2    | 8.7    | 8.7    | 9.0      | 9.0    | 8.7    | 8.6    | 8.3    |  |
| Education, training, employment, and social services .....      | 0.5    | 1.1    | 6.4    | 12.1   | 21.9   | 17.8   | 23.4   | 34.1   | 42.1   | 46.8   | 51.8     | 56.7   | 58.1   | 59.6   | 61.2   |  |
| Health .....  | 0.2    | 0.6    | 3.8    | 8.8    | 15.8   | 24.5   | 43.9   | 93.6   | 124.8  | 141.8  | 164.0    | 177.0  | 192.6  | 196.9  | 208.9  |  |
| Income security .....   | 2.6    | 3.5    | 5.8    | 9.4    | 18.5   | 27.2   | 35.2   | 55.1   | 63.2   | 69.6   | 71.3     | 73.5   | 75.3   | 77.0   | 78.6   |  |
| Justice .....   | ---    | ---    | *      | 0.7    | 0.5    | 0.1    | 0.6    | 1.2    | 5.1    | 4.5    | 6.0      | 7.5    | 5.4    | 4.5    | 4.5    |  |
| General government .....  | 0.2    | 0.2    | 0.5    | 7.1    | 8.6    | 6.8    | 2.3    | 2.3    | 2.3    | 2.7    | 2.6      | 2.6    | 3.8    | 2.6    | 2.7    |  |
| Other .....   | *      | 0.1    | 0.1    | 0.2    | 0.7    | 0.8    | 0.8    | 0.8    | 0.9    | 0.9    | 1.1      | 1.2    | 1.2    | 1.2    | 1.2    |  |
| Total .....   | 7.0    | 10.9   | 24.1   | 49.8   | 91.4   | 105.9  | 135.3  | 225.0  | 284.7  | 316.3  | 350.1    | 373.6  | 392.9  | 400.0  | 416.2  |  |
| <b>B. Distribution of Grants by BEA Category:</b>               |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Discretionary .....   | NA     | 2.9    | 10.2   | 21.0   | 53.3   | 55.5   | 63.3   | 94.0   | 116.7  | 127.1  | 138.1    | 146.5  | 147.4  | 150.1  | 153.1  |  |
| Mandatory .....   | NA     | 8.0    | 13.9   | 28.8   | 38.1   | 50.4   | 72.0   | 131.0  | 168.0  | 189.2  | 212.0    | 227.1  | 245.5  | 249.8  | 263.1  |  |
| Total .....   | 7.0    | 10.9   | 24.1   | 49.8   | 91.4   | 105.9  | 135.3  | 225.0  | 284.7  | 316.3  | 350.1    | 373.6  | 392.9  | 400.0  | 416.2  |  |
| <b>C. Composition:</b>  |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Current dollars:  |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Payments for individuals <sup>1</sup> .....                     | 2.5    | 3.7    | 8.7    | 16.8   | 32.6   | 49.3   | 75.7   | 141.2  | 177.1  | 199.4  | 222.6    | 237.9  | 255.3  | 261.2  | 274.6  |  |
| Physical capital <sup>1</sup> .....                             | 3.3    | 5.0    | 7.1    | 10.9   | 22.6   | 24.9   | 27.2   | 39.6   | 48.7   | 52.9   | 56.3     | 57.5   | 59.0   | 60.7   | 62.1   |  |
| Other grants .....  | 1.2    | 2.2    | 8.3    | 22.2   | 36.2   | 31.6   | 32.5   | 44.2   | 58.9   | 63.9   | 71.1     | 78.3   | 78.7   | 78.1   | 79.5   |  |
| Total .....   | 7.0    | 10.9   | 24.1   | 49.8   | 91.4   | 105.9  | 135.3  | 225.0  | 284.7  | 316.3  | 350.1    | 373.6  | 392.9  | 400.0  | 416.2  |  |
| Percentage of total grants:                                     |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Payments for individuals <sup>1</sup> .....                     | 35.3%  | 34.1%  | 36.2%  | 33.6%  | 35.7%  | 46.6%  | 55.9%  | 62.8%  | 62.2%  | 63.1%  | 63.6%    | 63.7%  | 65.0%  | 65.3%  | 66.0%  |  |
| Physical capital <sup>1</sup> .....                             | 47.3%  | 45.7%  | 29.3%  | 21.9%  | 24.7%  | 23.5%  | 20.1%  | 17.6%  | 17.1%  | 16.7%  | 16.1%    | 15.4%  | 15.0%  | 15.2%  | 14.9%  |  |
| Other grants .....  | 17.4%  | 20.2%  | 34.5%  | 44.5%  | 39.6%  | 29.9%  | 24.0%  | 19.7%  | 20.7%  | 20.2%  | 20.3%    | 20.9%  | 20.0%  | 19.5%  | 19.1%  |  |
| Total .....   | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%   | 100.0% | 100.0% | 100.0% | 100.0% |  |
| Constant (FY 1996) dollars:                                     |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Payments for individuals <sup>1</sup> .....                     | 11.3   | 15.9   | 31.7   | 45.4   | 60.2   | 69.7   | 88.9   | 144.1  | 165.0  | 180.5  | 196.6    | 204.7  | 214.3  | 213.9  | 219.5  |  |
| Physical capital <sup>1</sup> .....                             | 15.8   | 22.4   | 25.2   | 23.9   | 36.1   | 31.8   | 30.3   | 40.4   | 45.5   | 47.9   | 49.5     | 49.2   | 49.0   | 49.1   | 48.8   |  |
| Other grants .....  | 8.3    | 12.8   | 36.1   | 67.2   | 72.2   | 45.5   | 38.7   | 45.3   | 52.1   | 54.8   | 59.3     | 63.4   | 62.0   | 59.8   | 59.2   |  |
| Total .....   | 35.3   | 51.2   | 92.9   | 136.5  | 168.5  | 147.0  | 157.9  | 229.8  | 262.5  | 283.2  | 305.4    | 317.3  | 325.4  | 322.8  | 327.4  |  |
| <b>D. Total grants as a percent of:</b>                         |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Federal outlays:  |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Total .....   | 7.6%   | 9.2%   | 12.3%  | 15.0%  | 15.5%  | 11.2%  | 10.8%  | 14.8%  | 15.9%  | 17.0%  | 17.9%    | 18.5%  | 18.9%  | 18.4%  | 18.7%  |  |
| Domestic programs <sup>2</sup> .....                            | 18.0%  | 18.3%  | 23.2%  | 21.7%  | 22.2%  | 18.2%  | 17.1%  | 21.6%  | 22.0%  | 22.9%  | 23.6%    | 24.0%  | 24.1%  | 23.3%  | 23.3%  |  |
| State and local expenditures .....                              | 19.2%  | 20.1%  | 24.1%  | 27.1%  | 30.4%  | 24.2%  | 21.0%  | 25.1%  | 24.7%  | N/A    | N/A      | N/A    | N/A    | N/A    | N/A    |  |
| Gross domestic product .....                                    | 1.4%   | 1.6%   | 2.4%   | 3.2%   | 3.3%   | 2.6%   | 2.4%   | 3.1%   | 2.9%   | 3.1%   | 3.2%     | 3.3%   | 3.3%   | 3.1%   | 3.1%   |  |
| <b>E. As a share of total State and local gross investment:</b> |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| Federal capital grants .....                                    |        |        |        |        |        |        |        |        |        |        |          |        |        |        |        |  |
| State and local own-source financing .....                      | 24.6%  | 25.5%  | 25.4%  | 25.9%  | 35.4%  | 30.2%  | 21.9%  | 25.8%  | 21.4%  | N/A    | N/A      | N/A    | N/A    | N/A    | N/A    |  |
| Total .....   | 75.4%  | 74.5%  | 74.6%  | 74.1%  | 64.6%  | 69.8%  | 78.1%  | 74.2%  | 78.6%  | N/A    | N/A      | N/A    | N/A    | N/A    | N/A    |  |
| Total .....   | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | N/A    | N/A      | N/A    | N/A    | N/A    | N/A    |  |

N/A = Not available.

\* 50 million or less.

<sup>1</sup> Grants that are both payments for individuals and capital investment are shown under capital investment.

<sup>2</sup> Excludes national defense, international affairs, net interest, and undistributed offsetting receipts.

ments for individuals have grown. In 2002, grants for physical capital are estimated to be 16.1 percent of total grants.

The other grants are primarily for education, training, employment, and social services. These grants increased to 44.5 percent of total grants by 1975, and are projected to be 20.3 percent of total grants in 2002.

Section C of Table 9-2 also shows these three categories in constant dollars. In constant 1996 dollars, total grants increase from \$157.9 billion in 1990 to an estimated \$305.4 billion in 2002, an average increase of 5.7 percent per year. During this same period, grants for payments to individuals are estimated to increase an average of 6.8 percent per year; grants

for physical capital an average of 4.2 percent per year, and other grants an average of 3.6 percent per year.

The real growth in grants during the 1990s is in contrast to the 1980s. During the period between 1980 and 1990, outlays for total grants in constant 1996 dollars decreased from \$168.5 billion in 1980 to \$157.9 billion in 1990.

Section D of this table shows grants as a percentage of Federal outlays, State and local expenditures, and gross domestic product. Grants have increased as a percentage of total Federal outlays from 10.8 percent in

1990 to an estimated 17.9 percent in 2002. Grants as a percentage of domestic spending are estimated to be 23.6 percent in 2002.

As a percentage of total State and local expenditures, grants have increased from 21.0 percent in 1990 to 24.7 percent in 2000.

Section E shows the relative contribution of physical capital grants in assisting States and localities with gross investment. After a slight increase to 25.8 percent in 1995, Federal capital grants have declined to be 21.4 percent of State and local gross investment in 2000.

## OTHER INFORMATION ON FEDERAL AID TO STATE AND LOCAL GOVERNMENTS

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

Major public physical capital investment programs providing Federal grants to State and local governments are identified in Chapter 6, "Federal Investment Spending and Capital Budgeting."

Data for summary and detailed grants to State and local governments can be found in many sections of a separate document entitled *Historical Tables*. Section 12 of that document is devoted exclusively to grants to State and local governments. Additional information on grants can be found in Section 6 (Composition of Federal Government Outlays); Section 9 (Federal Government Outlays for Investment: Major Physical Capital, Research and Development, and Education and Training); Section 11 (Federal Government Payments for Individuals); and Section 15 (Total (Federal and State and Local) Government Finances).

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

*Government Finances*, published annually by the Bureau of the Census in the Department of Commerce, provides data on public finances, including Federal aid to State and local governments.

*The Survey of Current Business*, published monthly by the Bureau of Economic Analysis in the Department of Commerce, provides data on the national income and product accounts (NIPA), a broad statistical concept encompassing the entire economy. These accounts include data on Federal grants to State and local governments. Data using the NIPA concepts appear in this volume in Chapter 16, "National Income and Product Accounts."

The *Budget Information for States (BIS)* report provides estimates of State-by-State funding allocations for

the largest formula grant programs for the past, present, and budget year. These programs comprise approximately 85 percent of total Federal aid to State and local governments. The document is prepared by the Office of Management and Budget soon after the Budget is released.

*Federal Aid to States*, a report prepared by the Bureau of the Census, shows Federal spending by State for grants for the most recently completed fiscal year.

The *Consolidated Federal Funds* Report is an annual document that shows the distribution of Federal spending by State and county areas and by local governmental jurisdictions. It is released by the Bureau of the Census in the Spring.

The *Federal Assistance Awards Data System (FAADS)* provides computerized information about current grant funding. Data on all direct assistance awards are provided quarterly by the Bureau of the Census to the States and to the Congress.

The *Catalog of Federal Domestic Assistance* is a primary reference source for communities wishing to apply for grants and other domestic assistance. The Catalog is prepared by the General Services Administration with data collected by the Office of Management and Budget and is available from the Government Printing Office. The basic edition of the Catalog is usually published in June and an update is generally prepared in December. It contains a detailed listing of grant and other assistance programs; discussions of eligibility criteria, application procedures, and estimated obligations; and related information.

The *Federal Audit Clearinghouse* maintains an on-line database (<http://harvester.census.gov/sac>) that provides access to summary information about audits conducted under OMB Circular A-133, "Audits to States, Local Governments, and Non-Profit Organizations." Information is available for each audited entity, including the amount of Federal money expended by program and whether there were audit findings.

## DETAILED FEDERAL AID TABLE

Table 9-3, "Federal Grants to State and Local Governments-Budget Authority and Outlays," provides detailed budget authority and outlay data for grants. This

table displays discretionary and mandatory grant programs separately.

**Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS**

(in millions of dollars)

| Function, Category, Agency and Program                         | Budget Authority |               |               | Outlays      |               |               |
|--|------------------|---------------|---------------|--------------|---------------|---------------|
|  | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual  | 2001 Estimate | 2002 Estimate |
| <b>NATIONAL DEFENSE</b>  |                  |               |               |              |               |               |
| <b>Discretionary:</b>  |                  |               |               |              |               |               |
| Department of Defense—Military:                                |                  |               |               |              |               |               |
| Research, Development, Test, and Evaluation:                   |                  |               |               |              |               |               |
| Research, development, test, and evaluation, Army .....        | 2                | 2             | 2             | 2            | 2             | 2             |
| <b>Total, discretionary</b> .....                              | <b>2</b>         | <b>2</b>      | <b>2</b>      | <b>2</b>     | <b>2</b>      | <b>2</b>      |
| <b>Total, national defense</b> .....                           | <b>2</b>         | <b>2</b>      | <b>2</b>      | <b>2</b>     | <b>2</b>      | <b>2</b>      |
| <b>ENERGY</b>  |                  |               |               |              |               |               |
| <b>Discretionary:</b>  |                  |               |               |              |               |               |
| Department of Energy:  |                  |               |               |              |               |               |
| Energy Programs:   |                  |               |               |              |               |               |
| Energy conservation .....                                      | 169              | 190           | 311           | 124          | 166           | 313           |
| <b>Total, discretionary</b> .....                              | <b>169</b>       | <b>190</b>    | <b>311</b>    | <b>124</b>   | <b>166</b>    | <b>313</b>    |
| <b>Mandatory:</b>  |                  |               |               |              |               |               |
| Tennessee Valley Authority:                                    |                  |               |               |              |               |               |
| Tennessee Valley Authority fund .....                          | 309              | 313           | 328           | 309          | 313           | 328           |
| <b>Total, mandatory</b> .....                                  | <b>309</b>       | <b>313</b>    | <b>328</b>    | <b>309</b>   | <b>313</b>    | <b>328</b>    |
| <b>Total, energy</b> .....                                     | <b>478</b>       | <b>503</b>    | <b>639</b>    | <b>433</b>   | <b>479</b>    | <b>641</b>    |
| <b>NATURAL RESOURCES AND ENVIRONMENT</b>                       |                  |               |               |              |               |               |
| <b>Discretionary:</b>  |                  |               |               |              |               |               |
| Department of Agriculture:                                     |                  |               |               |              |               |               |
| Natural Resources Conservation Service:                        |                  |               |               |              |               |               |
| Resource conservation and development .....                    |                  |               |               | 1            | 1             |               |
| Watershed and flood prevention operations .....                | 44               | 52            | 28            | 66           | 62            | 79            |
| Forest Service:  |                  |               |               |              |               |               |
| State and private forestry .....                               | 100              | 203           | 121           | 98           | 178           | 143           |
| Management of national forest lands for subsistence uses ..... |                  | 6             | 5             | 1            | 6             | 5             |
| Department of Commerce:  |                  |               |               |              |               |               |
| National Oceanic and Atmospheric Administration:               |                  |               |               |              |               |               |
| Operations, research, and facilities .....                     | 120              | 135           | 5             | 91           | 101           | 3             |
| Pacific coastal salmon recovery .....                          | 58               | 110           | 110           | 1            | 167           | 110           |
| Department of the Interior:                                    |                  |               |               |              |               |               |
| Office of Surface Mining Reclamation and Enforcement:          |                  |               |               |              |               |               |
| Regulation and technology .....                                | 61               | 51            | 51            | 54           | 51            | 57            |
| Abandoned mine reclamation fund .....                          | 181              | 196           | 154           | 152          | 153           | 120           |
| Bureau of Reclamation:   |                  |               |               |              |               |               |
| Bureau of Reclamation loan subsidy .....                       | 12               | 12            | 7             | 10           | 17            | 7             |
| United States Geological Survey:                               |                  |               |               |              |               |               |
| Surveys, investigations and research .....                     |                  | 3             |               |              | 3             |               |
| United States Fish and Wildlife Service:                       |                  |               |               |              |               |               |
| Commercial salmon fishery capacity reduction .....             | 5                |               |               |              | 5             |               |
| State wildlife grants .....                                    |                  | 50            |               |              | 8             | 10            |
| Land acquisition .....   |                  |               | 60            |              |               | 24            |
| Cooperative endangered species conservation fund .....         | 23               | 105           | 55            | 13           | 27            | 63            |
| Wildlife conservation and appreciation fund .....              | 1                | 1             |               | 1            | 1             |               |
| Miscellaneous permanent appropriations .....                   | 2                | 3             | 3             | 2            | 2             | 3             |
| National Park Service:   |                  |               |               |              |               |               |
| Urban park and recreation fund .....                           |                  | 29            |               | 1            | 3             | 6             |
| National recreation and preservation .....                     | 2                |               |               | 1            | 1             |               |
| Land acquisition and State assistance .....                    | 43               | 90            | 450           | 7            | 51            | 22            |
| Historic preservation fund .....                               | 75               | 94            | 37            | 52           | 106           | 74            |
| Environmental Protection Agency:                               |                  |               |               |              |               |               |
| State and tribal assistance grants .....                       | 3,446            | 3,621         | 3,289         | 3,192        | 3,393         | 3,533         |
| Hazardous substance superfund .....                            | 287              | 171           | 171           | 240          | 141           | 170           |
| Leaking underground storage tank trust fund .....              | 59               | 64            | 62            | 58           | 61            | 64            |
| <b>Total, discretionary</b> .....                              | <b>4,519</b>     | <b>4,996</b>  | <b>4,608</b>  | <b>4,041</b> | <b>4,538</b>  | <b>4,493</b>  |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |               |               | Outlays      |               |               |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
|   | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual  | 2001 Estimate | 2002 Estimate |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Department of the Interior:   |                  |               |               |              |               |               |
| Bureau of Land Management:  |                  |               |               |              |               |               |
| Miscellaneous permanent payment accounts .....  | 7                | 12            | 13            | 2            | 12            | 13            |
| Minerals Management Service:  |                  |               |               |              |               |               |
| National forests fund, Payment to States .....  | 3                | 5             | 5             | 3            | 5             | 5             |
| Leases of lands acquired for flood control, navigation, and allied purposes .....     | 1                | 2             | 2             | 1            | 2             | 2             |
| United States Fish and Wildlife Service:  |                  |               |               |              |               |               |
| Federal aid in wildlife restoration .....   | 226              | 287           | 240           | 232          | 216           | 233           |
| Sport fish restoration .....  | 303              | 301           | 352           | 285          | 295           | 311           |
| Departmental Management:  |                  |               |               |              |               |               |
| Everglades watershed protection .....   |                  |               |               | 25           | 17            |               |
| Everglades restoration account .....  | 1                | 2             |               | 1            | 2             | 2             |
| Department of the Treasury:   |                  |               |               |              |               |               |
| Financial Management Service:   |                  |               |               |              |               |               |
| Payment to terrestrial wildlife habitat restoration trust fund .....                  | 5                | 5             | 5             | 5            | 5             | 5             |
| <b>Total, mandatory</b> .....   | <b>546</b>       | <b>614</b>    | <b>617</b>    | <b>554</b>   | <b>554</b>    | <b>571</b>    |
| <b>Total, natural resources and environment</b> .....                                 | <b>5,065</b>     | <b>5,610</b>  | <b>5,225</b>  | <b>4,595</b> | <b>5,092</b>  | <b>5,064</b>  |
| <b>AGRICULTURE</b>  |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Agriculture:  |                  |               |               |              |               |               |
| Departmental Administration:  |                  |               |               |              |               |               |
| Outreach for socially disadvantaged farmers .....                                     | 3                | 3             | 3             | 4            | 3             | 3             |
| Cooperative State Research, Education, and Extension Service:                         |                  |               |               |              |               |               |
| Extension activities .....  | 424              | 433           | 413           | 437          | 421           | 460           |
| Research and education activities .....   | 238              | 268           | 240           | 224          | 265           | 240           |
| Integrated activities .....   | 14               | 15            | 15            |              | 6             | 11            |
| Agricultural Marketing Service:   |                  |               |               |              |               |               |
| Payments to States and possessions .....  | 1                | 1             | 1             | 1            | 1             | 1             |
| Farm Service Agency:  |                  |               |               |              |               |               |
| State mediation grants .....  | 3                | 3             | 3             | 3            | 2             | 2             |
| <b>Total, discretionary</b> .....   | <b>683</b>       | <b>723</b>    | <b>675</b>    | <b>669</b>   | <b>698</b>    | <b>717</b>    |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Department of Agriculture:  |                  |               |               |              |               |               |
| Office of the Secretary:  |                  |               |               |              |               |               |
| Fund for rural America .....  | 20               | 10            | 15            | 11           | 8             | 11            |
| Farm Service Agency:  |                  |               |               |              |               |               |
| Commodity Credit Corporation fund .....   | 44               | 136           | 109           | 44           | 136           | 109           |
| <b>Total, mandatory</b> .....   | <b>64</b>        | <b>146</b>    | <b>124</b>    | <b>55</b>    | <b>144</b>    | <b>120</b>    |
| <b>Total, agriculture</b> .....   | <b>747</b>       | <b>869</b>    | <b>799</b>    | <b>724</b>   | <b>842</b>    | <b>837</b>    |
| <b>COMMERCE AND HOUSING CREDIT</b>  |                  |               |               |              |               |               |
| <b>Mandatory:</b>   |                  |               |               |              |               |               |
| Department of Commerce:   |                  |               |               |              |               |               |
| National Oceanic and Atmospheric Administration:                                      |                  |               |               |              |               |               |
| Promote and develop fishery products and research pertaining to American fisheries .. | 1                | 5             | 5             | 3            | 6             | 5             |
| <b>Total, mandatory</b> .....   | <b>1</b>         | <b>5</b>      | <b>5</b>      | <b>3</b>     | <b>6</b>      | <b>5</b>      |
| <b>Total, commerce and housing credit</b> .....                                       | <b>1</b>         | <b>5</b>      | <b>5</b>      | <b>3</b>     | <b>6</b>      | <b>5</b>      |
| <b>TRANSPORTATION</b>   |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Transportation:   |                  |               |               |              |               |               |
| Coast Guard:  |                  |               |               |              |               |               |
| Boat safety .....   |                  |               |               | 9            | 1             |               |
| Federal Aviation Administration:  |                  |               |               |              |               |               |
| Grants-in-aid for airports (Airport and airway trust fund) <sup>1</sup> .....         | 2,799            | 2,623         | 2,969         | 1,578        | 2,173         | 2,764         |
| Research, engineering and development (Airport and airway trust fund) .....           | 46               | 48            | 50            | 46           | 48            | 50            |

**Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program                                | Budget Authority |               |               | Outlays       |               |               |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
|   | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual   | 2001 Estimate | 2002 Estimate |
| Federal Highway Administration:                                       |                  |               |               |               |               |               |
| State infrastructure banks .....                                      |                  |               |               | 19            | 8             | 8             |
| Appalachian development highway system .....                          |                  |               |               | 101           | 79            | 43            |
| Highway-related safety grants .....                                   |                  |               |               | 1             | 1             |               |
| Appalachian development highway system (Highway trust fund) .....     |                  | 254           |               |               | 69            | 104           |
| Federal-aid highways <sup>1</sup> .....                               | 28,860           | 33,158        | 34,098        | 23,494        | 25,027        | 27,194        |
| Miscellaneous appropriations .....                                    |                  | 605           |               | 133           | 254           | 320           |
| Miscellaneous highway trust funds .....                               |                  | 1,182         |               | 42            | 354           | 510           |
| Federal Motor Carrier Safety Administration:                          |                  |               |               |               |               |               |
| National motor carrier safety program <sup>1</sup> .....              | 105              | 177           | 205           | 99            | 134           | 185           |
| Motor carrier safety <sup>1</sup> .....                               |                  |               | 5             |               |               | 4             |
| National Highway Traffic Safety Administration:                       |                  |               |               |               |               |               |
| Highway traffic safety grants <sup>1</sup> .....                      | 197              | 202           | 212           | 181           | 210           | 217           |
| Federal Railroad Administration:                                      |                  |               |               |               |               |               |
| Emergency railroad rehabilitation and repair .....                    |                  |               |               | 3             | 4             |               |
| Local rail freight assistance .....                                   |                  |               |               | 1             |               |               |
| Alaska railroad rehabilitation .....                                  | 15               | 30            |               | 11            | 52            | 18            |
| Railroad research and development .....                               | 2                | 3             | 3             | 1             | 2             | 2             |
| Conrail commuter transition assistance .....                          |                  |               |               | 3             | 3             |               |
| Federal Transit Administration:                                       |                  |               |               |               |               |               |
| Research, training, and human resources .....                         |                  |               |               |               | 2             |               |
| Job access and reverse commute grants <sup>1</sup> .....              | 75               | 100           | 125           | 17            | 45            | 65            |
| Interstate transfer grants-transit .....                              |                  |               |               | 1             | 5             | 2             |
| Washington Metropolitan Area Transit Authority .....                  |                  |               |               | 109           | 107           | 71            |
| Formula grants <sup>1</sup> .....                                     | 4,641            | 3,287         | 3,592         | 2,792         | 3,216         | 3,191         |
| Capital investment grants <sup>1</sup> .....                          | 2,492            | 2,694         | 2,841         | 1,071         | 961           | 1,572         |
| Transit planning and research <sup>1</sup> .....                      | 138              | 90            | 90            | 72            | 98            | 114           |
| Discretionary grants (Highway trust fund, mass transit account) ..... |                  |               |               | 1,200         | 983           | 614           |
| Research and Special Programs Administration:                         |                  |               |               |               |               |               |
| Pipeline safety .....   | 15               | 21            | 18            | 13            | 17            | 17            |
| <b>Total, discretionary<sup>1</sup> .....</b>                         | <b>39,385</b>    | <b>44,474</b> | <b>44,208</b> | <b>30,997</b> | <b>33,853</b> | <b>37,065</b> |
| <b>Mandatory:</b>   |                  |               |               |               |               |               |
| Department of Transportation:   |                  |               |               |               |               |               |
| Federal Highway Administration:                                       |                  |               |               |               |               |               |
| Federal-aid highways .....  | 739              | 758           | 739           | 1,217         | 1,399         | 1,248         |
| Research and Special Programs Administration:                         |                  |               |               |               |               |               |
| Emergency preparedness grants .....                                   | 24               | 13            | 13            | 8             | 12            | 13            |
| <b>Total, mandatory<sup>1</sup> .....</b>                             | <b>763</b>       | <b>771</b>    | <b>752</b>    | <b>1,225</b>  | <b>1,411</b>  | <b>1,261</b>  |
| <b>Total, transportation .....</b>                                    | <b>40,148</b>    | <b>45,245</b> | <b>44,960</b> | <b>32,222</b> | <b>35,264</b> | <b>38,326</b> |
| <b>COMMUNITY AND REGIONAL DEVELOPMENT</b>                             |                  |               |               |               |               |               |
| <b>Discretionary:</b>   |                  |               |               |               |               |               |
| Department of Agriculture:  |                  |               |               |               |               |               |
| Rural Development:  |                  |               |               |               |               |               |
| Rural community advancement program .....                             | 584              | 843           | 596           | 479           | 647           | 602           |
| Rural Utilities Service:  |                  |               |               |               |               |               |
| Distance learning and telemedicine program .....                      | 21               | 27            | 27            | 7             | 18            | 19            |
| Rural Business—Cooperative Service:                                   |                  |               |               |               |               |               |
| Rural cooperative development grants .....                            | 6                | 31            | 6             | 4             | 4             | 25            |
| Forest Service:   |                  |               |               |               |               |               |
| Southeast Alaska economic disaster fund .....                         | 22               | 5             |               | 10            | 7             | 7             |
| Department of Commerce:   |                  |               |               |               |               |               |
| Economic Development Administration:                                  |                  |               |               |               |               |               |
| Economic development assistance programs .....                        | 424              | 421           | 335           | 356           | 431           | 428           |
| Department of Housing and Urban Development:                          |                  |               |               |               |               |               |
| Public and Indian Housing Programs:                                   |                  |               |               |               |               |               |
| Moving to work .....  | 5                |               |               |               | 3             |               |
| Community Planning and Development:                                   |                  |               |               |               |               |               |
| Community development block grants .....                              | 4,809            | 5,113         | 4,722         | 4,955         | 4,940         | 5,036         |
| Urban development action grants .....                                 |                  |               |               | 10            | 10            | 10            |
| Community development loan guarantees subsidy .....                   | 30               | 30            | 15            | 7             | 20            | 20            |
| National cities in schools community development program .....        | 5                |               |               | 5             |               |               |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program                                | Budget Authority |               |               | Outlays      |               |               |
|---|------------------|---------------|---------------|--------------|---------------|---------------|
|   | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual  | 2001 Estimate | 2002 Estimate |
| Brownfields redevelopment .....                                       | 25               | 25            | 25            | 4            | 25            | 30            |
| Urban empowerment zones .....   | 55               | 185           | 150           | 7            | 49            | 92            |
| Office of Lead Hazard Control:  |                  |               |               |              |               |               |
| Lead hazard reduction .....   | 80               | 100           | 110           | 95           | 95            | 95            |
| Department of the Interior:   |                  |               |               |              |               |               |
| Bureau of Indian Affairs:   |                  |               |               |              |               |               |
| Operation of Indian programs .....                                    | 174              | 142           | 148           | 119          | 125           | 131           |
| Indian guaranteed loan subsidy .....                                  | 5                | 5             | 5             | 5            | 9             | 5             |
| Federal Emergency Management Agency:                                  |                  |               |               |              |               |               |
| Emergency management planning and assistance .....                    | 174              | 267           | 255           | 142          | 219           | 254           |
| Disaster relief .....   | 2,295            | 1,115         | 956           | 2,234        | 1,901         | 2,070         |
| Disaster assistance for unmet needs .....                             |                  |               |               | 50           | 90            | 54            |
| National flood mitigation fund .....                                  | 20               | 20            | 20            | 13           | 23            | 20            |
| Appalachian Regional Commission .....                                 | 59               | 70            | 59            | 125          | 108           | 100           |
| Delta Regional Authority .....  |                  | 18            | 18            |              | 2             | 5             |
| Denali Commission .....   | 20               | 30            | 30            | 38           | 13            | 39            |
| <b>Total, discretionary .....</b>                                     | <b>8,813</b>     | <b>8,447</b>  | <b>7,477</b>  | <b>8,665</b> | <b>8,739</b>  | <b>9,042</b>  |
| <b>Total, community and regional development .....</b>                | <b>8,813</b>     | <b>8,447</b>  | <b>7,477</b>  | <b>8,665</b> | <b>8,739</b>  | <b>9,042</b>  |
| <b>EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES</b>           |                  |               |               |              |               |               |
| <b>Discretionary:</b>   |                  |               |               |              |               |               |
| Department of Commerce:   |                  |               |               |              |               |               |
| National Telecommunications and Information Administration:           |                  |               |               |              |               |               |
| Public telecommunications facilities, planning and construction ..... | 13               | 31            | 31            | 12           | 24            | 26            |
| Information infrastructure grants .....                               | 6                | 22            | 5             | 8            | 15            | 20            |
| Department of Education:  |                  |               |               |              |               |               |
| Office of Elementary and Secondary Education:                         |                  |               |               |              |               |               |
| Reading excellence <sup>2</sup> .....                                 | 56               | 277           |               | 27           | 180           | 234           |
| Indian education .....  | 75               | 113           | 113           | 64           | 82            | 105           |
| Impact aid .....  | 901              | 985           | 1,122         | 875          | 1,121         | 1,109         |
| Chicago litigation settlement .....                                   |                  |               |               | 2            | 2             |               |
| Education reform .....  | 964              | 611           |               | 965          | 1,234         | 674           |
| Education for the disadvantaged <sup>2</sup> .....                    | 8,667            | 8,938         | 10,969        | 8,511        | 8,432         | 9,355         |
| School improvement programs <sup>2</sup> .....                        | 1,357            | 4,417         | 6,281         | 2,394        | 2,936         | 3,744         |
| Office of Bilingual Education and Minority Languages Affairs:         |                  |               |               |              |               |               |
| Bilingual and immigrant education .....                               | 329              | 353           | 460           | 319          | 370           | 351           |
| Office of Special Education and Rehabilitative Services:              |                  |               |               |              |               |               |
| Special education <sup>2</sup> .....                                  | 2,036            | 5,816         | 8,147         | 4,696        | 5,535         | 6,652         |
| Rehabilitation services and disability research .....                 | 120              | 133           | 173           | 104          | 185           | 161           |
| American Printing House for the Blind .....                           | 10               | 12            | 12            | 9            | 15            | 12            |
| Office of Vocational and Adult Education:                             |                  |               |               |              |               |               |
| Vocational and adult education <sup>2</sup> .....                     | 851              | 1,778         | 1,771         | 1,448        | 1,669         | 1,731         |
| Office of Postsecondary Education:                                    |                  |               |               |              |               |               |
| Higher education .....  | 281              | 376           | 307           | 152          | 347           | 354           |
| Office of Student Financial Assistance:                               |                  |               |               |              |               |               |
| Student financial assistance .....                                    | 40               | 55            | 55            | 24           | 49            | 55            |
| Office of Educational Research and Improvement:                       |                  |               |               |              |               |               |
| Education research, statistics, and assessment .....                  | 100              | 56            |               | 166          | 174           | 61            |
| Department of Health and Human Services:                              |                  |               |               |              |               |               |
| Administration for Children and Families:                             |                  |               |               |              |               |               |
| Promoting safe and stable families .....                              | 3                | 3             | 3             | 3            | 3             | 3             |
| Children and families services programs <sup>2</sup> .....            | 5,004            | 7,607         | 7,832         | 5,843        | 6,325         | 7,480         |
| Administration on Aging:  |                  |               |               |              |               |               |
| Aging services programs .....   | 933              | 1,103         | 1,098         | 884          | 1,017         | 1,086         |
| Department of the Interior:   |                  |               |               |              |               |               |
| Bureau of Indian Affairs:   |                  |               |               |              |               |               |
| Operation of Indian programs .....                                    | 51               | 78            | 101           | 50           | 71            | 100           |
| Department of Labor:  |                  |               |               |              |               |               |
| Employment and Training Administration:                               |                  |               |               |              |               |               |
| Training and employment services <sup>2</sup> .....                   | 2,227            | 4,065         | 3,681         | 2,957        | 3,641         | 4,494         |
| Community service employment for older Americans .....                | 97               | 97            | 97            | 99           | 108           | 97            |
| State unemployment insurance and employment service operations .....  | 163              | 193           | 177           | 225          | 165           | 175           |
| Unemployment trust fund .....   | 962              | 982           | 982           | 961          | 957           | 982           |
| Corporation for National and Community Service:                       |                  |               |               |              |               |               |
| Domestic volunteer service programs, operating expenses .....         | 71               | 73            | 77            | 70           | 72            | 75            |

**Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program                                   | Budget Authority |               |               | Outlays       |               |               |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
|  | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual   | 2001 Estimate | 2002 Estimate |
| National and community service programs, operating expenses .....        | 229              | 242           | 218           | 204           | 263           | 230           |
| Corporation for Public Broadcasting:                                     |                  |               |               |               |               |               |
| Corporation for Public Broadcasting .....                                | 190              | 224           | 230           | 190           | 206           | 217           |
| District of Columbia:  |                  |               |               |               |               |               |
| District of Columbia General and Special Payments:                       |                  |               |               |               |               |               |
| Federal payment for resident tuition support .....                       | 17               | 17            | 17            | 17            | 17            | 17            |
| National Endowment for the Arts:   |                  |               |               |               |               |               |
| National Endowment for the Arts: grants and administration .....         | 34               | 34            | 34            | 31            | 39            | 36            |
| Challenge America arts fund .....  |                  | 3             | 3             |               | 1             | 3             |
| Institute of Museum and Library Services:                                |                  |               |               |               |               |               |
| Office of Museum Services: grants and administration .....               | 6                | 8             | 5             | 6             | 6             | 11            |
| Office of Library Services: grants and administration .....              | 151              | 175           | 152           | 152           | 155           | 203           |
| <b>Total, discretionary<sup>2</sup> .....</b>                            | <b>25,944</b>    | <b>38,877</b> | <b>44,153</b> | <b>31,468</b> | <b>35,416</b> | <b>39,853</b> |
| <b>Mandatory:</b>  |                  |               |               |               |               |               |
| Department of Education:   |                  |               |               |               |               |               |
| Office of Elementary and Secondary Education:                            |                  |               |               |               |               |               |
| Reading excellence <sup>2</sup> .....                                    |                  |               | 195           |               |               |               |
| Education for the disadvantaged <sup>2</sup> .....                       |                  |               | 6,758         |               |               |               |
| School improvement programs <sup>2</sup> .....                           |                  |               | 1,765         |               |               |               |
| Office of Special Education and Rehabilitative Services:                 |                  |               |               |               |               |               |
| Special education <sup>2</sup> .....                                     |                  |               | 5,072         |               |               |               |
| Rehabilitation services and disability research .....                    | 2,339            | 2,400         | 2,481         | 2,463         | 2,196         | 2,455         |
| Office of Vocational and Adult Education:                                |                  |               |               |               |               |               |
| Vocational and adult education <sup>2</sup> .....                        |                  |               | 791           |               |               |               |
| Department of Health and Human Services:                                 |                  |               |               |               |               |               |
| Administration for Children and Families:                                |                  |               |               |               |               |               |
| Job opportunities and basic skills training program .....                |                  |               |               | 15            | 9             | 3             |
| Promoting safe and stable families .....                                 | 289              | 300           | 495           | 239           | 271           | 316           |
| Social services block grant .....  | 1,775            | 1,725         | 1,700         | 1,827         | 1,906         | 1,809         |
| Children and families services programs <sup>2</sup> .....               |                  |               | 1,400         |               |               |               |
| Payments to States for foster care and adoption assistance .....         | 5,697            | 6,401         | 6,682         | 5,453         | 6,055         | 6,549         |
| Department of Labor:   |                  |               |               |               |               |               |
| Employment and Training Administration:                                  |                  |               |               |               |               |               |
| Training and employment services <sup>2</sup> .....                      |                  |               | 1,772         |               |               |               |
| Welfare to work jobs .....   | -137             | -50           |               | 527           | 850           | 690           |
| Federal unemployment benefits and allowances .....                       | 132              | 132           | 132           | 133           | 141           | 136           |
| <b>Total, mandatory<sup>2</sup> .....</b>                                | <b>10,095</b>    | <b>10,908</b> | <b>29,243</b> | <b>10,657</b> | <b>11,428</b> | <b>11,958</b> |
| <b>Total, education, training, employment, and social services .....</b> | <b>36,039</b>    | <b>49,785</b> | <b>73,396</b> | <b>42,125</b> | <b>46,844</b> | <b>51,811</b> |
| <b>HEALTH</b>  |                  |               |               |               |               |               |
| <b>Discretionary:</b>  |                  |               |               |               |               |               |
| Department of Agriculture:   |                  |               |               |               |               |               |
| Food Safety and Inspection Service:                                      |                  |               |               |               |               |               |
| Salaries and expenses .....  | 43               | 47            | 48            | 43            | 47            | 48            |
| Department of Health and Human Services:                                 |                  |               |               |               |               |               |
| Food and Drug Administration:  |                  |               |               |               |               |               |
| Salaries and expenses .....  | 1                | 1             | 1             | 1             | 1             | 1             |
| Health Resources and Services Administration:                            |                  |               |               |               |               |               |
| Health resources and services .....                                      | 2,028            | 2,215         | 2,344         | 2,028         | 2,215         | 2,344         |
| Centers for Disease Control and Prevention:                              |                  |               |               |               |               |               |
| Disease control, research, and training .....                            | 1,881            | 2,502         | 2,497         | 1,611         | 2,006         | 2,386         |
| Substance Abuse and Mental Health Services Administration:               |                  |               |               |               |               |               |
| Substance abuse and mental health services .....                         | 2,012            | 2,152         | 2,212         | 1,931         | 2,027         | 2,109         |
| Department of Labor:   |                  |               |               |               |               |               |
| Occupational Safety and Health Administration:                           |                  |               |               |               |               |               |
| Salaries and expenses .....  | 82               | 88            | 88            | 82            | 88            | 88            |
| Mine Safety and Health Administration:                                   |                  |               |               |               |               |               |
| Salaries and expenses .....  | 6                | 8             | 8             | 6             | 8             | 8             |
| <b>Total, discretionary .....</b>  | <b>6,053</b>     | <b>7,013</b>  | <b>7,198</b>  | <b>5,702</b>  | <b>6,392</b>  | <b>6,984</b>  |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |                |                | Outlays        |                |                |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2000 Actual      | 2001 Estimate  | 2002 Estimate  | 2000 Actual    | 2001 Estimate  | 2002 Estimate  |
| <b>Mandatory:</b>   |                  |                |                |                |                |                |
| Department of Health and Human Services:  |                  |                |                |                |                |                |
| Health Care Financing Administration:   |                  |                |                |                |                |                |
| Grants to States for medicaid .....   | 117,744          | 128,853        | 142,423        | 117,921        | 128,853        | 142,423        |
| State children's health insurance fund .....  | 4,259            | 4,249          | 3,115          | 1,220          | 4,032          | 3,355          |
| State grants and demonstrations .....   |                  | 62             | 67             |                | 16             | 29             |
| Immediate helping hand prescription drug plan .....                                 |                  | 2,500          | 11,200         |                | 2,500          | 11,200         |
| <b>Total, mandatory</b> .....   | <b>122,003</b>   | <b>135,664</b> | <b>156,805</b> | <b>119,141</b> | <b>135,401</b> | <b>157,007</b> |
| <b>Total, health</b> .....  | <b>128,056</b>   | <b>142,677</b> | <b>164,003</b> | <b>124,843</b> | <b>141,793</b> | <b>163,991</b> |
| <b>INCOME SECURITY</b>  |                  |                |                |                |                |                |
| <b>Discretionary:</b>   |                  |                |                |                |                |                |
| Department of Agriculture:  |                  |                |                |                |                |                |
| Food and Nutrition Service:   |                  |                |                |                |                |                |
| Food donations programs .....   | 141              | 151            | 151            | 137            | 150            | 150            |
| Commodity assistance program .....  | 133              | 140            | 135            | 132            | 138            | 135            |
| Special supplemental nutrition program for women, infants, and children (WIC) ..... | 4,032            | 4,044          | 4,137          | 3,950          | 4,085          | 4,129          |
| Child nutrition programs .....  | 14               | 13             | 9              | 7              | 7              | 5              |
| Department of Health and Human Services:  |                  |                |                |                |                |                |
| Administration for Children and Families:   |                  |                |                |                |                |                |
| Low income home energy assistance .....   | 2,000            | 1,700          | 1,700          | 1,495          | 2,241          | 1,525          |
| Refugee and entrant assistance .....  | 377              | 324            | 324            | 280            | 326            | 324            |
| Payments to States for the child care and development block grant .....             | 1,178            | 1,993          | 2,193          | 1,065          | 1,677          | 2,062          |
| Department of Housing and Urban Development:  |                  |                |                |                |                |                |
| Public and Indian Housing Programs:   |                  |                |                |                |                |                |
| Public housing operating fund .....   | 3,138            | 3,235          | 3,385          | 2,836          | 3,217          | 3,336          |
| Drug elimination grants for low-income housing .....                                | 310              | 309            |                | 288            | 317            | 313            |
| Revitalization of severely distressed public housing (HOPE VI) .....                | 575              | 574            | 574            | 379            | 460            | 552            |
| Public housing capital fund .....   | 2,884            | 2,993          | 2,293          | 3,690          | 3,718          | 3,583          |
| Native American housing block grant .....   | 620              | 649            | 649            | 643            | 707            | 669            |
| Housing certificate fund <sup>2</sup> .....   | 3,671            | 8,099          | 11,283         | 8,803          | 9,092          | 9,722          |
| Community Planning and Development:   |                  |                |                |                |                |                |
| Homeless assistance grants .....  | 1,020            | 1,023          | 1,023          | 885            | 1,000          | 1,200          |
| Home investment partnership program .....   | 1,636            | 1,796          | 1,796          | 1,479          | 1,736          | 1,857          |
| Youthbuild program .....  |                  |                |                | 1              | 1              |                |
| Housing opportunities for persons with AIDS .....                                   | 232              | 257            | 277            | 215            | 216            | 219            |
| Rural housing and economic development .....  | 25               | 25             |                | 8              | 24             | 25             |
| Housing Programs:   |                  |                |                |                |                |                |
| Congregate services .....   |                  |                |                | 2              |                |                |
| Homeownership and opportunity for people everywhere grants (HOPE grants) .....      | -19              |                |                | 25             | 25             | 25             |
| Housing for special populations .....   | 911              | 996            | 1,001          | 720            | 988            | 1,025          |
| Department of Labor:  |                  |                |                |                |                |                |
| Employment and Training Administration:   |                  |                |                |                |                |                |
| Unemployment trust fund .....   | 2,366            | 2,364          | 2,414          | 2,359          | 2,364          | 2,414          |
| Federal Emergency Management Agency:  |                  |                |                |                |                |                |
| Emergency food and shelter program .....  | 110              | 140            | 140            | 110            | 140            | 140            |
| <b>Total, discretionary</b> <sup>2</sup> .....                                      | <b>25,354</b>    | <b>30,825</b>  | <b>33,484</b>  | <b>29,509</b>  | <b>32,629</b>  | <b>33,410</b>  |
| <b>Mandatory:</b>   |                  |                |                |                |                |                |
| Department of Agriculture:  |                  |                |                |                |                |                |
| Agricultural Marketing Service:   |                  |                |                |                |                |                |
| Funds for strengthening markets, income, and supply (section 32) .....              | 710              | 738            | 710            | 523            | 750            | 639            |
| Food and Nutrition Service:   |                  |                |                |                |                |                |
| Food stamp program .....  | 3,774            | 3,878          | 3,806          | 3,508          | 3,558          | 3,752          |
| Child nutrition programs .....  | 9,436            | 9,466          | 9,932          | 9,053          | 9,748          | 10,189         |
| Department of Health and Human Services:  |                  |                |                |                |                |                |
| Administration for Children and Families:   |                  |                |                |                |                |                |
| Payments to States for child support enforcement and family support programs .....  | 1,010            | 3,321          | 3,448          | 2,906          | 3,439          | 3,453          |
| Child care entitlement to States .....  | 2,367            | 2,567          | 2,717          | 2,237          | 2,423          | 2,555          |
| Temporary assistance for needy families .....                                       | 16,689           | 16,689         | 16,679         | 15,464         | 17,080         | 17,260         |
| Department of Housing and Urban Development:  |                  |                |                |                |                |                |
| Public and Indian Housing Programs:   |                  |                |                |                |                |                |
| Housing certificate fund <sup>2</sup> .....   |                  |                | 3,057          |                |                |                |

**Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued**

(in millions of dollars)

| Function, Category, Agency and Program   | Budget Authority |               |               | Outlays       |               |               |
|--|------------------|---------------|---------------|---------------|---------------|---------------|
|  | 2000 Actual      | 2001 Estimate | 2002 Estimate | 2000 Actual   | 2001 Estimate | 2002 Estimate |
| <b>Total, mandatory</b> <sup>2</sup> .....   | <b>33,986</b>    | <b>36,659</b> | <b>40,349</b> | <b>33,691</b> | <b>36,998</b> | <b>37,848</b> |
| <b>Total, income security</b> .....  | <b>59,340</b>    | <b>67,484</b> | <b>73,833</b> | <b>63,200</b> | <b>69,627</b> | <b>71,258</b> |
| <b>SOCIAL SECURITY</b>   |                  |               |               |               |               |               |
| <b>Discretionary:</b>  |                  |               |               |               |               |               |
| Social Security Administration:  |                  |               |               |               |               |               |
| Federal disability insurance trust fund .....  | 6                | 14            | 14            | 6             | 14            | 14            |
| <b>Total, discretionary</b> .....  | <b>6</b>         | <b>14</b>     | <b>14</b>     | <b>6</b>      | <b>14</b>     | <b>14</b>     |
| <b>Total, social security</b> .....  | <b>6</b>         | <b>14</b>     | <b>14</b>     | <b>6</b>      | <b>14</b>     | <b>14</b>     |
| <b>VETERANS BENEFITS AND SERVICES</b>  |                  |               |               |               |               |               |
| <b>Discretionary:</b>  |                  |               |               |               |               |               |
| Department of Veterans Affairs:  |                  |               |               |               |               |               |
| Veterans Health Administration:  |                  |               |               |               |               |               |
| Medical care .....   | 318              | 343           | 369           | 318           | 343           | 369           |
| Construction:  |                  |               |               |               |               |               |
| Grants for construction of State extended care facilities .....                                      | 90               | 100           | 50            | 104           | 85            | 91            |
| Grants for the construction of State veterans cemeteries .....                                       | 25               | 25            | 25            | 12            | 17            | 21            |
| <b>Total, discretionary</b> .....  | <b>433</b>       | <b>468</b>    | <b>444</b>    | <b>434</b>    | <b>445</b>    | <b>481</b>    |
| <b>Total, veterans benefits and services</b> .....   | <b>433</b>       | <b>468</b>    | <b>444</b>    | <b>434</b>    | <b>445</b>    | <b>481</b>    |
| <b>ADMINISTRATION OF JUSTICE</b>   |                  |               |               |               |               |               |
| <b>Discretionary:</b>  |                  |               |               |               |               |               |
| Department of Health and Human Services:   |                  |               |               |               |               |               |
| Administration for Children and Families:  |                  |               |               |               |               |               |
| Violent crime reduction programs <sup>3</sup> .....  | 92               |               |               | 97            | 84            | 29            |
| Department of Housing and Urban Development:   |                  |               |               |               |               |               |
| Fair Housing and Equal Opportunity:  |                  |               |               |               |               |               |
| Fair housing activities .....  | 44               | 46            | 46            | 33            | 37            | 37            |
| Department of Justice:   |                  |               |               |               |               |               |
| Office of Justice Programs:  |                  |               |               |               |               |               |
| Justice assistance .....   | 151              | 263           | 304           | 65            | 147           | 455           |
| State and local law enforcement assistance .....   | 1,520            | 2,767         | 1,933         | 475           | 1,760         | 3,270         |
| Juvenile justice programs .....  | 242              | 263           | 268           | 177           | 158           | 383           |
| Community oriented policing services .....   | 595              | 1,037         | 855           | 1,390         | 1,210         | 926           |
| Violent crime reduction programs, State and local law enforcement assistance .....                   | 1,184            |               |               | 2,049         |               |               |
| Court Services and Offender Supervision Agency for the District:                                     |                  |               |               |               |               |               |
| Federal payment to Court Services and Offender Supervision Agency for the District of Columbia ..... | 93               |               |               | 66            |               |               |
| Equal Employment Opportunity Commission:   |                  |               |               |               |               |               |
| Salaries and expenses .....  | 29               | 30            | 30            | 46            | 42            | 45            |
| State Justice Institute:   |                  |               |               |               |               |               |
| State Justice Institute: salaries and expenses .....   | 7                | 7             | 7             | 8             | 7             | 7             |
| <b>Total, discretionary</b> .....  | <b>3,957</b>     | <b>4,413</b>  | <b>3,443</b>  | <b>4,406</b>  | <b>3,445</b>  | <b>5,152</b>  |
| <b>Mandatory:</b>  |                  |               |               |               |               |               |
| Department of Justice:   |                  |               |               |               |               |               |
| Legal Activities and U.S. Marshals:  |                  |               |               |               |               |               |
| Assets forfeiture fund .....   | 305              | 240           | 208           | 220           | 275           | 246           |
| Office of Justice Programs:  |                  |               |               |               |               |               |
| Crime victims fund .....   | 500              | 509           | 567           | 386           | 657           | 490           |
| Department of the Treasury:  |                  |               |               |               |               |               |
| Departmental Offices:  |                  |               |               |               |               |               |
| Treasury forfeiture fund .....   | 98               | 88            | 88            | 108           | 88            | 88            |
| <b>Total, mandatory</b> .....  | <b>903</b>       | <b>837</b>    | <b>863</b>    | <b>714</b>    | <b>1,020</b>  | <b>824</b>    |
| <b>Total, administration of justice</b> .....  | <b>4,860</b>     | <b>5,250</b>  | <b>4,306</b>  | <b>5,120</b>  | <b>4,465</b>  | <b>5,976</b>  |

Table 9-3. FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS—BUDGET AUTHORITY AND OUTLAYS—Continued

(in millions of dollars)

| Function, Category, Agency and Program  | Budget Authority |                |                | Outlays        |                |                |
|---|------------------|----------------|----------------|----------------|----------------|----------------|
|   | 2000 Actual      | 2001 Estimate  | 2002 Estimate  | 2000 Actual    | 2001 Estimate  | 2002 Estimate  |
| <b>GENERAL GOVERNMENT</b>   |                  |                |                |                |                |                |
| <b>Discretionary:</b>   |                  |                |                |                |                |                |
| Department of the Interior:   |                  |                |                |                |                |                |
| Bureau of Land Management:  |                  |                |                |                |                |                |
| Payments in lieu of taxes .....   | 134              | 200            | 150            | 133            | 200            | 150            |
| Insular Affairs:  |                  |                |                |                |                |                |
| Trust Territory of the Pacific Islands .....  |                  |                |                | 2              | 2              | 2              |
| District of Columbia:   |                  |                |                |                |                |                |
| District of Columbia Courts:  |                  |                |                |                |                |                |
| Federal payment to the District of Columbia courts .....                            | 100              | 105            | 111            | 86             | 107            | 114            |
| Defender services in District of Columbia courts .....                              | 34               | 34             | 34             | 26             | 39             | 34             |
| Crime victims compensation fund .....   |                  | 18             |                |                | 18             |                |
| District of Columbia Corrections:   |                  |                |                |                |                |                |
| Payment to the District of Columbia corrections trustee, operations .....           | 175              | 134            | 33             | 158            | 144            | 43             |
| District of Columbia General and Special Payments:                                  |                  |                |                |                |                |                |
| Federal support for economic development and management reforms in the District ... | 34               | 43             |                | 83             | 43             |                |
| Federal Drug Control Programs:  |                  |                |                |                |                |                |
| High-intensity drug trafficking areas program .....                                 | 158              | 172            | 206            | 143            | 161            | 223            |
| <b>Total, discretionary</b> .....   | <b>635</b>       | <b>706</b>     | <b>534</b>     | <b>631</b>     | <b>714</b>     | <b>566</b>     |
| <b>Mandatory:</b>   |                  |                |                |                |                |                |
| Department of Agriculture:  |                  |                |                |                |                |                |
| Forest Service:   |                  |                |                |                |                |                |
| Forest Service permanent appropriations .....                                       | 213              | 227            | 393            | 213            | 227            | 393            |
| Department of Energy:   |                  |                |                |                |                |                |
| Energy Programs:  |                  |                |                |                |                |                |
| Payments to States under Federal Power Act .....                                    | 3                | 3              | 3              | 3              | 3              | 3              |
| Department of the Interior:   |                  |                |                |                |                |                |
| Bureau of Land Management:  |                  |                |                |                |                |                |
| Miscellaneous permanent payment accounts .....                                      | 104              | 8              | 120            | 105            | 8              | 114            |
| Minerals Management Service:  |                  |                |                |                |                |                |
| Mineral leasing and associated payments .....                                       | 691              | 1,094          | 983            | 691            | 1,094          | 983            |
| United States Fish and Wildlife Service:  |                  |                |                |                |                |                |
| National wildlife refuge fund .....   | 19               | 18             | 18             | 19             | 18             | 18             |
| Insular Affairs:  |                  |                |                |                |                |                |
| Assistance to territories .....   | 70               | 78             | 69             | 74             | 66             | 77             |
| Payments to the United States territories, fiscal assistance .....                  | 148              | 104            | 104            | 147            | 104            | 104            |
| Department of the Treasury:   |                  |                |                |                |                |                |
| Bureau of Alcohol, Tobacco and Firearms:  |                  |                |                |                |                |                |
| Internal revenue collections for Puerto Rico .....                                  | 297              | 315            | 246            | 297            | 315            | 246            |
| United States Customs Service:  |                  |                |                |                |                |                |
| Refunds, transfers, and expenses of operation, Puerto Rico .....                    | 90               | 96             | 101            | 90             | 96             | 101            |
| Corps of Engineers:   |                  |                |                |                |                |                |
| Permanent appropriations .....  | 9                | 8              | 8              | 17             | 8              | 8              |
| <b>Total, mandatory</b> .....   | <b>1,644</b>     | <b>1,951</b>   | <b>2,045</b>   | <b>1,656</b>   | <b>1,939</b>   | <b>2,047</b>   |
| <b>Total, general government</b> .....  | <b>2,279</b>     | <b>2,657</b>   | <b>2,579</b>   | <b>2,287</b>   | <b>2,653</b>   | <b>2,613</b>   |
| <b>Total, Grants</b> .....  | <b>286,267</b>   | <b>329,016</b> | <b>377,682</b> | <b>284,659</b> | <b>316,265</b> | <b>350,061</b> |
| Discretionary <sup>1,2</sup> .....  | 115,953          | 141,148        | 146,551        | 116,654        | 127,051        | 138,092        |
| Mandatory <sup>1,2</sup> .....  | 170,314          | 187,868        | 231,131        | 168,005        | 189,214        | 211,969        |

<sup>1</sup> Budget authority for certain transportation programs is classified as mandatory in other budget presentations.<sup>2</sup> The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. In order to avoid overstating discretionary budget authority in 2002, language is proposed to designate the advance appropriation budget authority, appropriated in 2001, as direct (mandatory) spending.<sup>3</sup> Amounts for 2001 and 2002 are part of the children and families services programs in the Department of Health and Human Services.



## 10. FEDERAL EMPLOYMENT AND COMPENSATION

This section provides information on civilian and military employment, and personnel compensation and benefits in the Executive, Legislative, and Judicial branches. A comparison of Federal employment levels, State and local government employment, and the United States population appears in the Historical Tables. Additional tables on civilian employment reductions appear in the Budget volume.

### Government Reform Initiative

The first priority of the President's Government reform initiatives is to make Government citizen-centered. This means ensuring that there is as little distance as possible between the citizens and decision-makers. To shrink the distance between citizens and Cabinet members, the Administration will flatten the Federal hierarchy, reduce the number of layers in the upper echelons of Government, and use workforce planning to help agencies and redistribute higher-level positions to front-line, service-delivery positions that interact with citizens. The Administration will also seek legislation to provide new and expanded workforce restructuring tools.

#### Federal Civilian Employment in the Executive Branch

Civilian employment in the Executive Branch is measured on the basis of full-time equivalents (FTEs). One FTE is equal to one work year or 2,080 non-overtime hours. Put simply, one full-time employee counts as one FTE, and two half-time employees also count as one FTE.

Table 10-1 provides agency-wide totals from the 1998 base through 2002.

Allocations of FTE resources by agency are made based upon Presidential priorities and other factors. While many of the agencies in Table 10-1 show FTE reductions between 1998 and 2002, several agencies, such as the Department of Justice, show an increase in FTEs. In addition, the sharp 2000 increase in the Department of Commerce was due to the additional staffing needs associated with conducting the 2000 Census.

#### Recent Trends in Civilian Employment Estimates in the Executive Branch

Each year the Budget reports actual FTEs in the prior year column, and estimates of FTEs in the current

and budget years. Current year FTE estimates for nearly all agencies in the Budget have been over-stated when compared to the actual published in the following year's Budget. The table below shows this trend:

| Year       | Estimate | Actual  | Over-Statement  |
|------------|----------|---------|-----------------|
| 1998 ..... | 1,837.4  | 1,790.2 | +47,200 (+2.6%) |
| 1999 ..... | 1,801.6  | 1,778.4 | +23,200 (+1.3%) |
| 2000 ..... | 1,856.9  | 1,814.3 | +42,600 (+2.3%) |

### Total Federal Employment Levels

The tables that follow show total Federal employment in all branches of Government, as well as the U.S. Postal Service, Postal Rate Commission, and active duty uniformed military personnel. Table 10-2 displays total Federal employment as measured by actual positions filled, i.e., the total number of employees, whether full-time, part-time or intermittent, at the end of the fiscal year. Table 10-3 shows total Federal employment as measured on an FTE basis.

### Personnel Compensation and Benefits

Table 10-4 displays personnel compensation and benefits for all branches of Government, as well as for military personnel.

Direct compensation of the Federal work force includes base pay and premium pay, such as overtime. In addition, it includes other cash components, such as geographic pay differentials (i.e., locality pay, and special pay adjustments for law enforcement officers), recruitment and relocation bonuses, retention allowances, performance awards, and cost-of-living and overseas allowances.

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

Related compensation in the form of personnel benefits for current employees consists of the cost to Government agencies (as an employer) primarily for health insurance, life insurance, Social Security (old age, survivors, disability, and health insurance) and contributions to the retirement funds to finance future retirement benefits. Compensation for former personnel includes outlays for retirement pay benefits, and the Government's share of the cost of health and life insurance.

**Table 10-1. FEDERAL EMPLOYMENT IN THE EXECUTIVE BRANCH**

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

| Agency   | Actual         |                |                | Estimate       |                | Change: 1998 to 2002 |              |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|--------------|
|  | 1998           | 1999           | 2000           | 2001           | 2002           | FTE's                | Percent      |
| <b>Cabinet agencies:</b>                                 |                |                |                |                |                |                      |              |
| Agriculture .....  | 96.4           | 95.5           | 95.1           | 97.9           | 97.8           | 1.4                  | 1.4%         |
| Commerce .....   | 35.7           | 47.3           | 113.3          | 39.7           | 37.0           | 1.3                  | 3.6%         |
| Defense-military functions .....                         | 707.2          | 681.0          | 660.3          | 641.1          | 641.1          | -66.2                | -9.4%        |
| Education .....  | 4.5            | 4.5            | 4.6            | 4.7            | 4.7            | 0.2                  | 5.2%         |
| Energy .....   | 16.3           | 15.9           | 15.6           | 16.4           | 16.3           | 0.1                  | 0.3%         |
| Health and Human Services .....                          | 57.9           | 58.9           | 60.5           | 63.5           | 64.9           | 7.0                  | 12.1%        |
| Housing and Urban Development .....                      | 9.8            | 10.0           | 10.1           | 10.3           | 10.3           | 0.5                  | 4.9%         |
| Interior .....   | 66.5           | 67.0           | 67.3           | 69.9           | 69.4           | 2.9                  | 4.3%         |
| Justice .....  | 117.3          | 121.3          | 122.8          | 129.1          | 134.9          | 17.6                 | 15.0%        |
| Labor .....  | 16.3           | 16.3           | 16.3           | 17.7           | 17.5           | 1.2                  | 7.6%         |
| State .....  | 26.4           | 26.9           | 27.3           | 27.7           | 27.8           | 1.4                  | 5.2%         |
| Transportation .....                                     | 63.4           | 63.7           | 63.0           | 65.0           | 65.9           | 2.6                  | 4.1%         |
| Treasury .....   | 142.1          | 143.7          | 143.7          | 148.4          | 150.9          | 8.8                  | 6.2%         |
| Veterans Affairs .....                                   | 207.1          | 205.5          | 202.6          | 205.9          | 204.7          | -2.4                 | -1.2%        |
| <b>Other agencies—excluding Postal Service:</b>          |                |                |                |                |                |                      |              |
| Agency for International Development .....               | 2.7            | 2.5            | 2.4            | 2.4            | 2.5            | -0.2                 | -7.7%        |
| Broadcasting Board of Governors .....                    | 2.4            | 2.4            | 2.4            | 2.5            | 2.5            | 0.1                  | 4.2%         |
| Corps of Engineers .....                                 | 24.8           | 24.7           | 24.8           | 24.8           | 24.8           | .....                | 0.2%         |
| Environmental Protection Agency .....                    | 17.7           | 18.1           | 17.7           | 18.0           | 17.5           | -0.2                 | -1.3%        |
| EEOC .....   | 2.5            | 2.6            | 2.9            | 3.1            | 3.1            | 0.5                  | 20.1%        |
| FEMA .....   | 4.6            | 5.2            | 4.6            | 4.9            | 5.0            | 0.4                  | 8.0%         |
| FDIC/RTC .....   | 7.9            | 7.4            | 7.1            | 6.7            | 6.5            | -1.4                 | -17.3%       |
| General Services Administration .....                    | 14.1           | 14.1           | 14.0           | 14.2           | 14.2           | 0.1                  | 0.7%         |
| NASA .....   | 19.1           | 18.5           | 18.4           | 19.0           | 19.0           | -0.1                 | -0.5%        |
| National Archives and Records Admin. ....                | 2.4            | 2.4            | 2.5            | 2.7            | 2.7            | 0.3                  | 13.1%        |
| National Labor Relations Board .....                     | 1.9            | 1.8            | 1.9            | 2.0            | 2.0            | 0.1                  | 6.5%         |
| National Science Foundation .....                        | 1.2            | 1.2            | 1.2            | 1.2            | 1.2            | .....                | 1.9%         |
| Nuclear Regulatory Commission .....                      | 3.0            | 2.8            | 2.8            | 2.8            | 2.8            | -0.2                 | -5.5%        |
| Office of Personnel Management .....                     | 2.8            | 2.8            | 2.8            | 3.0            | 3.0            | 0.2                  | 7.6%         |
| Panama Canal Commission .....                            | 9.6            | 9.2            | 2.4            | 0.0            | 0.0            | -9.6                 | -100.0%      |
| Peace Corps .....  | 1.1            | 1.1            | 1.0            | 1.2            | 1.2            | 0.1                  | 10.8%        |
| Railroad Retirement Board .....                          | 1.3            | 1.3            | 1.2            | 1.2            | 1.2            | -0.1                 | -10.0%       |
| Securities and Exchange Commission .....                 | 2.8            | 2.8            | 2.8            | 3.0            | 3.0            | 0.2                  | 8.0%         |
| Small Business Administration .....                      | 4.4            | 4.7            | 4.3            | 4.2            | 4.1            | -0.2                 | -5.5%        |
| Smithsonian Institution .....                            | 5.0            | 5.1            | 5.0            | 5.2            | 5.2            | 0.1                  | 2.8%         |
| Social Security Administration .....                     | 64.0           | 63.0           | 62.4           | 63.2           | 63.5           | -0.5                 | -0.9%        |
| Tennessee Valley Authority .....                         | 14.4           | 13.5           | 13.2           | 13.2           | 13.1           | -1.3                 | -9.1%        |
| All other small agencies .....                           | 13.6           | 13.9           | 14.0           | 15.8           | 15.9           | 2.3                  | 16.8%        |
| <b>Total, Executive Branch civilian employment .....</b> | <b>1,790.2</b> | <b>1,778.4</b> | <b>1,814.3</b> | <b>1,751.4</b> | <b>1,757.1</b> | <b>-33.2</b>         | <b>-1.9%</b> |
| Subtotal, Defense .....                                  | 707.2          | 681.0          | 660.3          | 641.1          | 641.1          | -66.2                | -9.4%        |
| Subtotal, Non-Defense .....                              | 1,083.0        | 1,097.4        | 1,154.0        | 1,110.3        | 1,116.0        | 33.0                 | 3.0%         |

**Table 10-2. TOTAL FEDERAL EMPLOYMENT**

(As measured by total positions filled)

| Description   | Actual as of September 30 |                  |                  | Change: 1998 to 2000 |              |
|---|---------------------------|------------------|------------------|----------------------|--------------|
|   | 1998                      | 1999             | 2000             | Positions            | Percent      |
| <b>Executive branch civilian employment:</b>                    |                           |                  |                  |                      |              |
| All agencies except Postal Service and Postal Rate Commission:  |                           |                  |                  |                      |              |
| Full-time permanent .....                                       | 1,624,152                 | 1,603,944        | 1,584,338        | -39,814              | -2.5%        |
| Other than full-time permanent <sup>1</sup> .....               | 231,644                   | 216,353          | 199,643          | -32,001              | -13.8%       |
| Subtotal .....  | 1,855,796                 | 1,820,297        | 1,783,981        | -71,815              | -3.9%        |
| Postal Service: <sup>2</sup>                                    |                           |                  |                  |                      |              |
| Full-time permanent .....                                       | 660,987                   | 670,272          | 666,528          | 5,541                | 0.8%         |
| Other than full-time permanent .....                            | 210,533                   | 196,121          | 194,249          | -16,284              | -7.7%        |
| Subtotal .....  | 871,520                   | 866,393          | 860,777          | -10,743              | -1.2%        |
| Subtotal, Executive branch civilian employment .....            | 2,727,316                 | 2,686,690        | 2,644,758        | -82,558              | -3.0%        |
| Military personnel on active duty: <sup>3</sup>                 |                           |                  |                  |                      |              |
| Department of Defense .....                                     | 1,406,830                 | 1,385,703        | 1,384,338        | -22,492              | -1.6%        |
| Department of Transportation (Coast Guard) .....                | 35,459                    | 35,740           | 36,157           | 698                  | 2.0%         |
| Subtotal, military personnel .....                              | 1,442,289                 | 1,421,443        | 1,420,495        | -21,794              | -1.5%        |
| Subtotal, Executive Branch .....                                | 4,169,605                 | 4,108,133        | 4,065,253        | -104,352             | -2.5%        |
| Legislative Branch:   |                           |                  |                  |                      |              |
| Full-time permanent .....                                       | 12,399                    | 12,183           | 11,970           | -429                 | -3.5%        |
| Other than full-time permanent .....                            | 18,075                    | 18,170           | 19,187           | 1,112                | 6.2%         |
| Subtotal, Legislative Branch .....                              | 30,474                    | 30,353           | 31,157           | 683                  | 2.2%         |
| Judicial Branch:  |                           |                  |                  |                      |              |
| Full-time permanent .....                                       | 28,487                    | 28,875           | 28,938           | 451                  | 1.6%         |
| Other than full-time permanent .....                            | 3,255                     | 3,321            | 3,248            | -7                   | -0.2%        |
| Subtotal, Judicial Branch .....                                 | 31,742                    | 32,196           | 32,186           | 444                  | 1.4%         |
| <b>Grand Total .....</b>  | <b>4,231,821</b>          | <b>4,170,682</b> | <b>4,128,596</b> | <b>-103,225</b>      | <b>-2.4%</b> |
| <b>ADDENDUM</b>   |                           |                  |                  |                      |              |
| Executive branch civilian personnel (excluding Postal Service): |                           |                  |                  |                      |              |
| DOD-Military functions <sup>4</sup> .....                       | 692,552                   | 665,679          | 651,247          | -41,305              | -6.0%        |
| All other executive branch .....                                | 1,163,244                 | 1,154,618        | 1,132,734        | -30,510              | -2.6%        |
| <b>Total<sup>5</sup> .....</b>                                  | <b>1,855,796</b>          | <b>1,820,297</b> | <b>1,783,981</b> | <b>-71,815</b>       | <b>-3.9%</b> |

<sup>1</sup> Includes Summer Aides, Stay-in-school, Junior Fellowship, Worker-Trainee Opportunity Program.<sup>2</sup> Includes Postal Rate Commission.<sup>3</sup> Excludes reserve components.<sup>4</sup> Excludes Defense Intelligence Agency.<sup>5</sup> Includes disadvantaged youth programs.

**Table 10-3. TOTAL FEDERAL EMPLOYMENT**

(As measured by Full-Time Equivalents)

| Description   | 2000 actual      | Estimate         |                  | Change: 2000 to 2002 |              |
|---|------------------|------------------|------------------|----------------------|--------------|
|   |                  | 2001             | 2002             | FTE's                | Percent      |
| <b>Executive branch civilian personnel:</b>                   |                  |                  |                  |                      |              |
| All agencies except Postal Service and Defense .....          | 1,153,968        | 1,110,329        | 1,116,000        | -37,968              | -3.3%        |
| Defense-Military functions (civilians) .....                  | 660,285          | 641,055          | 641,055          | -19,230              | -2.9%        |
| Subtotal, excluding Postal Service .....                      | 1,814,253        | 1,751,384        | 1,757,055        | -57,198              | 3.2%         |
| Postal Service <sup>1</sup> .....                             | 848,353          | 841,002          | 828,052          | -20,301              | -2.4%        |
| Subtotal, Executive Branch civilian personnel .....           | 2,662,606        | 2,592,386        | 2,585,107        | -77,499              | -2.9%        |
| <b>Executive branch uniformed personnel:<sup>2</sup></b>      |                  |                  |                  |                      |              |
| Department of Defense .....                                   | 1,380,947        | 1,378,692        | 1,378,692        | -2,255               | -0.2%        |
| Department of Transportation (Coast Guard) .....              | 35,716           | 35,934           | 35,132           | -584                 | 1.6%         |
| Subtotal, uniformed military personnel .....                  | 1,416,663        | 1,414,626        | 1,413,824        | -2,839               | -0.2%        |
| Subtotal, Executive Branch .....                              | 4,079,269        | 4,007,012        | 3,998,931        | -80,338              | -2.0%        |
| Legislative Branch: <sup>3</sup> Total FTE <sup>3</sup> ..... | 31,192           | 31,513           | 33,333           | 2,141                | 6.9%         |
| Judicial branch: Total FTE .....                              | 31,230           | 33,302           | 34,277           | 3,047                | 9.8%         |
| <b>Grand Total .....</b>                                      | <b>4,141,691</b> | <b>4,071,827</b> | <b>4,066,541</b> | <b>-75,150</b>       | <b>-1.8%</b> |

<sup>1</sup> Includes Postal Rate Commission.<sup>2</sup> Military personnel on active duty. Excludes reserve components. Data shown for Department of Defense are average strengths, not FTEs.<sup>3</sup> Actual 2000 FTE data not available for legislative branch.

**TABLE 10-4. PERSONNEL COMPENSATION AND BENEFITS**  
(In millions of dollars)

| Description  | 2000 actual    | Estimate       |                | Change: 2000 to 2002 |             |
|--|----------------|----------------|----------------|----------------------|-------------|
|  |                | 2001           | 2002           | Dollars              | Percent     |
| <b>Civilian personnel costs:</b>                   |                |                |                |                      |             |
| Executive Branch (excluding Postal Service):       |                |                |                |                      |             |
| Direct compensation:                               |                |                |                |                      |             |
| DOD—military functions .....                       | 32,301         | 32,825         | 33,281         | 980                  | 3.0%        |
| All other executive branch .....                   | 63,024         | 65,138         | 68,406         | 5,382                | 8.5%        |
| Subtotal, direct compensation .....                | 95,325         | 97,963         | 101,687        | 6,362                | 6.7%        |
| Personnel benefits:                                |                |                |                |                      |             |
| DOD—military functions .....                       | 7,472          | 7,541          | 7,720          | 248                  | 3.3%        |
| All other executive branch <sup>1</sup> .....      | 24,801         | 26,103         | 27,004         | 2,203                | 8.9%        |
| Subtotal, personnel benefits .....                 | 32,273         | 33,644         | 34,724         | 2,451                | 7.6%        |
| Subtotal, executive branch .....                   | 127,598        | 131,607        | 136,411        | 8,813                | 6.9%        |
| Postal Service:                                    |                |                |                |                      |             |
| Direct compensation .....                          | 36,981         | 38,274         | 39,032         | 2,051                | 5.5%        |
| Personnel benefits .....                           | 11,116         | 11,963         | 12,447         | 1,331                | 12.0%       |
| Subtotal .....                                     | 48,097         | 50,237         | 51,479         | 3,382                | 7.0%        |
| Legislative Branch: <sup>2</sup>                   |                |                |                |                      |             |
| Direct compensation .....                          | 1,375          | 1,454          | 1,554          | 179                  | 13.0%       |
| Personnel benefits .....                           | 315            | 341            | 376            | 61                   | 19.4%       |
| Subtotal .....                                     | 1,690          | 1,795          | 1,930          | 240                  | 14.2%       |
| Judicial Branch:                                   |                |                |                |                      |             |
| Direct compensation .....                          | 1,907          | 2,191          | 2,368          | 461                  | 24.2%       |
| Personnel benefits .....                           | 493            | 535            | 598            | 105                  | 21.3%       |
| Subtotal .....                                     | 2,400          | 2,726          | 2,966          | 566                  | 23.6%       |
| Total, civilian personnel costs .....              | 179,785        | 186,365        | 192,786        | 13,001               | 7.2%        |
| <b>Military personnel costs:</b>                   |                |                |                |                      |             |
| DOD—Military Functions:                            |                |                |                |                      |             |
| Direct compensation .....                          | 51,489         | 53,141         | 56,690         | 5,201                | 10.1%       |
| Personnel benefits .....                           | 18,886         | 19,093         | 20,127         | 1,241                | 6.6%        |
| Subtotal .....                                     | 70,375         | 72,234         | 76,817         | 6,442                | 9.2%        |
| All other executive branch, uniformed personnel:   |                |                |                |                      |             |
| Direct compensation .....                          | 1,321          | 1,394          | 1,505          | 184                  | 13.9%       |
| Personnel benefits .....                           | 150            | 149            | 159            | 9                    | 6.0%        |
| Subtotal .....                                     | 1,471          | 1,543          | 1,664          | 193                  | 13.1%       |
| Total, military personnel costs <sup>3</sup> ..... | 71,846         | 73,777         | 78,481         | 6,635                | 9.2%        |
| <b>Grand total, personnel costs .....</b>          | <b>251,631</b> | <b>260,142</b> | <b>271,267</b> | <b>19,636</b>        | <b>7.8%</b> |
| <b>ADDENDUM</b>                                    |                |                |                |                      |             |
| <b>Former Civilian Personnel:</b>                  |                |                |                |                      |             |
| Retired pay for former personnel .....             | 46,144         | 48,464         | 50,705         | 4,561                | 9.9%        |
| Government payment for Annuitants:                 |                |                |                |                      |             |
| Employee health benefits .....                     | 5,049          | 5,572          | 6,102          | 1,053                | 20.9%       |
| Employee life insurance .....                      | 27             | 32             | 33             | 6                    | 22.2%       |
| Total Former Civilian Personnel .....              | 51,220         | 54,068         | 56,840         | 5,620                | 11.0%       |
| <b>Former Military personnel:</b>                  |                |                |                |                      |             |
| Retired pay for former personnel .....             | 33,556         | 35,025         | 36,128         | 2,572                | 7.7%        |

<sup>1</sup> Includes transfers from general revenues in addition to employing agency's contributions for the cost of employee benefits. The transfers amounted to \$9118 million in 2000 and are estimated to be \$9,162 million in 2001 and \$9,229 million in 2002.

<sup>2</sup> Excludes members and officers of the Senate.

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



## 11. STRENGTHENING FEDERAL STATISTICS

Our economy's complexity, growth, and rapid structural changes require that public and private leaders have unbiased, relevant information on which to base their decisions. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, have a major impact on government spending, budget projections, and the allocation of Federal funds. They also are critical inputs to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or obtains a mortgage.

Similarly, timely, comparable data on the characteristics of the U.S. population are essential to monitor societal changes. Of great import in 2002 will be the continuing delivery of Census 2000 data products used to allocate locally each year nearly \$200 billion in Federal funds. In recognition of its significance and in response to concerns about early planning and the quality of long-form data, the Census Bureau proposes to streamline the very complex decennial census process and to actively seek opportunities to innovate. The plan for the next decade is to completely reengineer the 2010 Census as part of a strategy to develop a more systematic, integrated, building-block approach for decennial and demographic data collection. This approach has three major components:

- a simplified 2010 Census and more timely data based on eliminating the long form through implementation of the American Community Survey (ACS);
- a single, continuously updated address universe and associated geographical products for use in all decennial and demographic programs; and
- a well-tested and planned 2010 Census design produced through systematic development prior to mid-decade operational testing.

The American Community Survey is a revolutionary, structural initiative of the statistical system that will provide community profiles similar to those from the decennial census on a far more current basis. For geographic areas with populations greater than 65,000, these profiles will be produced every year. For smaller areas, the ACS will accumulate or average data over several years to obtain annual estimates similar in quality and reliability to those currently available only once each decade. Thus, every jurisdiction ultimately will have annual information that illuminates change over time. (The official counts of the population will continue to come from the decennial census and the intercensal estimates program.) Because the American Community Survey will provide essentially the same information as the current decennial census long form,

the Census Bureau plans to eliminate the long form in the 2010 Census, thereby focusing that effort on counting the population using only the short form. In 2002, Phase II of developing the ACS occurs, in which data from the 1999–2001 ACS will be compared with Census 2000 results.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors to improve the overall performance and efficiency of the Federal statistical system. For example, the ICSP is supporting FedStats ([www.fedstats.gov](http://www.fedstats.gov)), the “one-stop shopping” Internet site for Federal statistics that permits easy access via an initial point of entry to the wide array of statistical information available to the public from more than 100 Federal agencies. In 2000, FedStats nearly doubled (from 40 to 77) the number of agencies whose data series are indexed there. In 2001, the FedStats team updated its home page based on recommendations from a usability work group, and enhanced its MapStats section to provide an interactive map-based application to access a variety of data at the State, county, congressional district, and Federal judicial district levels.

The statistical system is also working effectively to enhance the quality of data the agencies produce. For example, statistical agencies have developed proposed data sharing legislation that would permit limited sharing of confidential data among selected agencies solely for statistical purposes. Enactment of this legislation, and of a companion Treasury Department proposal that would make complementary changes to provisions set forth in the “Statistical Use” section of the Internal Revenue Code, will create a framework for statistical agencies to compare and improve the quality of their data.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that challenge statistical agencies to keep pace with them, can threaten the relevance, accuracy, and timeliness of our Nation's key statistics. Any growing inability of our statistical system to mirror accurately our economy and society, including the unprecedented growth of electronic commerce, could undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure would be substantially mitigated by five programs supported in the Administration's budget as well as a legislative initiative. In particular, these actions would:

- develop an integrated statistical base for analysis of the effects of E-business across our Nation's products and industries, including changes in the structure of investment, pricing, and distribution

practices (Bureau of Economic Analysis and Bureau of the Census);

- support the tabulation, analysis, and dissemination of Census 2000 data in order to reap the benefits of Census 2000 investments (Bureau of the Census);
- support early planning for the 2010 Census predicated on a fundamental reengineering of the census process (Bureau of the Census);
- continue implementation of the American Community Survey program to produce far more timely data for States and local areas that will be used for various purposes, including the distribution of nearly \$200 billion in Federal funds annually (Bureau of the Census);
- improve coverage of the construction and service sectors in the Producer Price Index (which may also produce methodological techniques that further improve the Consumer Price Index) and enhance coverage of the service sector in BLS productivity estimates (Bureau of Labor Statistics); and
- provide new statutory authority for the limited sharing of data among designated Federal agen-

cies solely for statistical purposes. The proposed changes would permit these statistical agencies to manage information in many important respects as if they were part of a single agency, thereby increasing the accuracy of statistical estimates and the efficiency of Federal data collection.

Taken together, statistics produced by the Federal Government on demographic, economic, and social conditions and trends are essential to inform decisions that are made by virtually every organization and household in our Nation. The U.S. Federal statistical system comprises some 70 agencies that collect, analyze, and disseminate information for use by governments, businesses, researchers, and the public. Approximately one third of the funding for the statistical system provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 11-1.) The remaining funding is spread among some sixty agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal Federal statistical agencies.

#### HIGHLIGHTS OF 2002 PROGRAM PROPOSALS FOR PRINCIPAL STATISTICAL AGENCIES

*Bureau of Economic Analysis:* Funding is requested to address critical gaps in coverage and the growing measurement error in Gross Domestic Product (GDP) and the national income accounts. BEA will develop new data sources and methods to improve measurement of the services industry, including telecommunications and other E-business related services; savings, investment and household wealth; international trade and finance; and derivative instruments, and will incorporate this information into the economic accounts. BEA will work with other statistical agencies to: (1) ensure that E-business, including related investment, is captured in estimates of GDP and other economic accounts data, and (2) develop estimates of the impact of E-business across products and industries, including investment, prices, and distribution. In addition, BEA will upgrade its computer and data handling capabilities to protect and disseminate its data and meet the demands of these improved measures of economic performance. Without such improvements, timely release of the GDP and related measures would be put at risk.

*Bureau of Justice Statistics:* Funding is requested to: (1) design and field a statistical series on the nature and consequences of routine traffic stops based on administrative data from law enforcement agencies and supplemental data from the National Crime Victimization Survey (NCVS) to learn about the public's experience relating to traffic stops; (2) implement a voluntary reporting system of deaths of persons while in law enforcement custody as required by the Deaths in Custody Act of 2000 that will include reports, submitted quarterly by States, on the death of any person who is in the process of arrest, is en route to be incarcerated,

or is incarcerated at a municipal or county jail, State prison, or other local or State correctional facility; (3) initiate the conversion of the NCVS interviewing and data collection activities from primarily a paper and pencil operation to a fully computerized system; (4) develop a methodology and initiate preliminary testing of potential questions to be used to enhance the NCVS to measure victimization of the disabled population in the United States as required by the Crime Victims with Disabilities Awareness Act; and (5) continue the Cybercrime Statistical Program, initiated in 2001, designed to measure changes in the incidence, magnitude, and consequences of electronic crime.

*Bureau of Labor Statistics:* Funding is requested to: (1) begin a new effort to fundamentally change the way the Consumer Price Index is revised and updated by instituting a process for continuous improvement in place of the periodic major revisions that were undertaken about every ten years; (2) enhance BLS' data security program and start replacing much of its decade-old local area network (LAN) infrastructure with a more current and capable LAN system through a central Department of Labor appropriation; (3) proceed with development of a new survey to measure how Americans spend their time in order to improve assessments of national well-being, and produce diary estimates of time spent in market work to evaluate existing estimates of work hours; (4) continue work to extend Producer Price Index coverage for the first time to the construction sector of the U.S. economy and to enhance service sector coverage; (5) proceed with development of new industry labor and multifactor productivity series for the service-producing sector; and (6) continue

to improve the statistical quality of local area unemployment statistics.

*Bureau of the Census:* Funding is requested for Census 2000, Census 2010 Planning, and for the Census Bureau's economic and demographic programs. For Census 2000, funding is requested to: (1) continue to disseminate data products; (2) manage remaining activities to complete Census 2000; (3) ensure that the contracts for data capture are closed out efficiently; (4) respond to concerns from local and tribal governments about the accuracy of the census counts via the Count Question Resolution program; (5) compare data from the American Community Survey (ACS) with Census 2000 results; and (6) continue evaluating census operations. For the 2010 Census, funding is requested to provide for adequate testing and simplified data collection by: (1) establishing an early design and testing infrastructure to allow complete testing of all major elements of the 2010 Census design; (2) developing the Long Form Transitional Database to enable re-engineering of the 2010 Census through use of the ACS to collect long form data; and (3) replacing the MAF/TIGER system with one that uses Global Positioning System technology and satellite mapping imagery to update and improve the Census 2000 address information. For Census Bureau economic and demographic programs, funding is requested to: (1) maintain the program to measure E-business; (2) redesign samples for household surveys based on Census 2000 data; and (3) begin implementation of the 2002 Economic Censuses and Census of Governments.

*Bureau of Transportation Statistics:* Funding is requested to: (1) implement the Safety Data Action Plan, a series of projects to improve the quality, comparability, and timeliness of transportation safety data and to better understand accident causation; (2) improve the collection and analysis of aviation data, particularly data related to flight delay and airline competition; (3) continue developing the Intermodal Transportation Data Base, a web-based portal that provides one-stop shopping for transportation data; (4) expand the National Transportation Library, which provides access to the Nation's transportation research and planning literature via the Internet; (5) collect data on travel behavior, freight movement, customer satisfaction, and motor carrier operations; (6) strengthen transportation data analysis and study emerging trends; (7) improve statistical tools for geo-spatial data analyses and promote their use in transportation applications; (8) ensure the reliability of DOT's GPRA performance measurement data and develop measures for DOT's new strategic goals; and (9) publish the monthly Transportation Indicators report, the congressionally-mandated Transportation Statistics Annual Report, and its companion, the National Transportation Statistics report.

*Economic Research Service:* Funding is requested to: (1) provide economic analysis and expert witness litigation support related to the Pigford Consent Decree which resulted from a class action lawsuit that alleged racial discrimination in the administration of USDA

farm loan and benefit programs, and (2) publish information on retail purchases of representative meat products required by the Mandatory Price Reporting Act of 1999.

*Energy Information Administration:* Funding is requested to continue: (1) overhauling the natural gas and electricity surveys and data systems to accommodate the changes in these industries brought on by deregulation and restructuring; (2) updating EIA's 20-year-old energy consumption surveys; (3) improving the data quality and accuracy in crude oil, diesel, gasoline, and natural gas production surveys; (4) modifying surveys to reflect changes under Tier II of the Clean Air Act Amendments, and (5) integrating information processing infrastructure upgrades to enhance energy data collection, analyses, and dissemination, and meet Government Paperwork Elimination Act requirements.

*National Agricultural Statistics Service:* Funding is requested to: (1) finalize preparations for data collection and processing for the 2002 Census of Agriculture that include printing over three million questionnaires and other materials; developing final procedures for mailout and processing; designing and testing computer systems; developing State and national management and tabulation plans; preparing for the census in Puerto Rico and insular areas; training; and developing dissemination mechanisms for both electronic and printed media; and (2) establish a computer security architecture to increase protection of market-sensitive and confidential data from cybersecurity threats.

*National Center for Education Statistics:* Funding is requested to administer State-level reading and mathematics assessments for the National Assessment of Educational Progress (NAEP) annually in grades 4 and 8, as well as to continue the current NAEP assessment program. Funding is also requested to continue support for: (1) an institutional census survey program that provides information on elementary, secondary, and postsecondary education and on libraries; (2) a special cross-sectional surveys program that collects and reports data on a wide variety of topics, including schools and school staff, adult literacy, postsecondary faculty, and postsecondary student aid; (3) a longitudinal surveys program that includes the Early Childhood Longitudinal Studies' Birth and Kindergarten cohorts, the Education Longitudinal Study of 2002 which will follow a nationally representative sample of high school students, and two postsecondary surveys, the Beginning Postsecondary Longitudinal Survey and the Baccalaureate and Beyond; (4) an international studies program that includes a variety of projects, such as the Third International Mathematics and Science Study-Repeat (TIMSS-R); (5) a statistical standards and reporting program designed to enhance the quality and usefulness of NCES data; and (6) training, technical assistance, and dissemination projects.

*National Center for Health Statistics:* Funding is requested to: (1) continue to stabilize and rebuild core data systems as part of an ongoing effort to maintain existing data systems while retooling to meet new data

needs and more fully utilize new technology and methods; (2) support updating the design of household survey samples based on Census 2000 data; and (3) provide information critical to monitoring the dynamics of health and health care, and provide the underpinnings for biomedical research, health policy,

and public health practice through support of the National Health Interview Survey, the National Health and Nutrition Examination Survey, the National Vital Statistics System, and the National Health Care Survey.

**Table 11-1. 2000-2002 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES**

(In millions of dollars)

|   | 2000 actual | 2001 estimate         | 2002 estimate      |
|---|-------------|-----------------------|--------------------|
| Bureau of Economic Analysis .....                           | 43.8        | 48.1                  | 56.6               |
| Bureau of Justice Statistics .....                          | 25.5        | 29.0                  | 30.5               |
| Bureau of Labor Statistics .....                            | 413.2       | <sup>1, 2</sup> 450.9 | <sup>3</sup> 468.3 |
| Bureau of the Census .....                                  | 4,749.7     | <sup>2, 4</sup> 429.2 | 543.4              |
| Periodic Censuses and Programs .....                        | 4,609.3     | <sup>4</sup> 272.3    | 374.8              |
| Salaries and Expenses .....                                 | 140.0       | 156.8                 | 168.6              |
| Bureau of Transportation Statistics .....                   | 31.0        | 31.0                  | 43.8               |
| Economic Research Service .....                             | 64.1        | 65.9                  | 67.0               |
| Energy Information Administration .....                     | 72.4        | 75.5                  | 75.5               |
| National Agricultural Statistics Service <sup>5</sup> ..... | 99.4        | 100.6                 | 113.8              |
| National Center for Education Statistics .....              | 108.0       | 120.0                 | 193.1              |
| Statistics .....  | 68.0        | 80.0                  | 84.0               |
| Assessment .....  | 36.0        | 36.0                  | 105.0              |
| National Assessment Governing Board .....                   | 4.0         | 4.0                   | 4.1                |
| National Center for Health Statistics .....                 | 111.8       | 122.4                 | 127.0              |
| PHS Evaluation Funds .....                                  | 71.7        | 71.7                  | 127.0              |
| Budget Authority .....                                      | 40.1        | 50.7                  | 0.0                |

<sup>1</sup> Includes a transfer of \$20.7 million from elsewhere in the Department of Labor to centralize the preparation of labor market information.

<sup>2</sup> Includes rescission (P.L. 106-554)

<sup>3</sup> Total reflects a financing charge that reduces the 2002 total by \$7.5 million.

<sup>4</sup> Does not include \$260 million in carry-over funding made available to the Census Bureau in 2001 from funds appropriated for the Decennial Census in 2000, resulting in a 2001 program level of \$689.2 million.

<sup>5</sup> Includes funds for the periodic Census of Agriculture and Special Studies of \$16.5, \$15.0, and \$25.0 (million) in 2000, 2001, and 2002, respectively.

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## FEDERAL BORROWING AND DEBT

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## 12. FEDERAL BORROWING AND DEBT

Debt is the largest legally binding obligation of the Federal Government. At the end of 2000, the Government owed \$3,410 billion of principal to the people who had loaned it the money to pay for past deficits. During that year, the Government paid the public around \$233 billion of interest on this debt.

After 28 consecutive years of deficits financed mainly by borrowing from the public, the Government had a \$69 billion unified budget surplus in 1998. The surplus rose in the following two years, reaching \$236 billion in 2000. As a result, the Government reversed the many years of debt accumulation and repaid \$363 billion of publicly held debt in the past three years. The budget estimates that debt will be reduced by \$236 billion this year and by a historic \$2.0 trillion over the following decade. This will be a debt milestone for the nation. Under the assumptions in this budget, a larger debt reduction would be made difficult by the marketable securities that will not have matured by the end of 2011 and by the various issues of non-marketable debt that will not have matured or that serve functions that continue to be needed.

### Trends in Debt Since World War II

Table 12-1 depicts trends in Federal debt held by the public from World War II to the present and estimates from the present to 2011. (It is supplemented for earlier years by tables 7.1-7.3 in *Historical Tables*, which is published as a separate volume of the budget.) As this table shows, Federal debt peaked at 108.6 percent of Gross Domestic Product (GDP) in 1946, just after the end of the war. From then until the 1970s, Federal debt grew gradually, but, due to inflation, it declined in real terms. Because of an expanding economy as well as inflation, Federal debt as a percentage of GDP decreased almost every year. With households borrowing large amounts to buy homes and consumer durables, and with businesses borrowing large amounts to buy plant and equipment, Federal debt also decreased almost every year as a percentage of the total credit market debt outstanding. The cumulative effect was impressive. From 1950 to 1975, debt held by the public declined from 80.1 percent of GDP to 25.3 percent, and from 55.3 percent of credit market debt to 18.4 percent. Despite rising interest rates, interest outlays became a smaller share of the budget and were roughly stable as a percentage of GDP.

During the 1970s, large budget deficits emerged as the economy was disrupted by oil shocks and inflation. The nominal amount of Federal debt more than doubled, and Federal debt relative to GDP and credit market debt stopped declining after the middle of the decade. The growth of Federal debt accelerated in the

1980s, and the ratio of Federal debt to GDP grew sharply. The ratio of Federal debt to credit market debt also rose, though to a much lesser extent. Interest outlays on debt held by the public, calculated as a percentage of either total Federal outlays or GDP, increased as well.

The growth of Federal debt held by the public was decelerating by the mid-1990s, however, and the debt has declined markedly relative to both GDP and total credit market debt. It fell from 49.5 percent of GDP in 1993 to 34.7 percent in 2000; and it fell more gradually and unevenly from 26.6 percent of total credit market debt in 1993 to 18.9 percent in 2000. Interest on this debt, whether in absolute terms or relative to total outlays and GDP, has been declining as well. Interest as a share of outlays peaked at 16.5 percent in 1989 and then fell to 13.0 percent by 2000.

### Projected Trends in Debt Over the Next Decade

This budget estimates a large surplus again this year, with a \$236 billion reduction in publicly held debt. (For the exact relationship between the unified budget surplus and the repayment of debt held by the public, see table 12-3 below and its explanation.) Over the following decade, as table 12-3 shows below, the surpluses (including the contingency reserve) are estimated to remain at roughly similar levels for several years and then to grow larger. As a result, the debt held by the public is estimated to decline from \$3.2 trillion at the end of 2001 to \$1.2 trillion at the end of 2011, a historic \$2.0 trillion reduction. By the end of 2011 debt held by the public is estimated to be 6.7 percent of GDP, the lowest percentage since shortly after the United States entered the First World War in 1917. Interest on this debt is estimated to be only 3.3 percent of total outlays<sup>1</sup> and to equal only 0.5 percent of GDP.<sup>2</sup> These percentages are about one-quarter of the percentages in 2000.

Large though this debt reduction is, its size is limited by the amount of available debt that can reasonably be redeemed. As table 12-2 shows, \$1,158 billion of publicly held debt is estimated by the Office of Management and Budget to remain at the end of 2011. The budgetary assumptions behind these estimates do not prejudge future debt management decisions.

At the end of February, \$529 billion of Treasury bonds were outstanding that will not mature until after 2011. As of April, Treasury is continuing to sell new 30-year bonds. It is also selling new 10-year notes, and

<sup>1</sup>This measure excludes the earnings on excess balances. If the latter were included, interest would be only 1.3 percent of total outlays.

<sup>2</sup>The macroeconomic assumptions behind these projections are reviewed in chapter 1 of this volume, "Economic Assumptions." The uncertainty in budget projections is discussed in *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities* (February 2001), pp. 14-16.

Table 12-1. TRENDS IN FEDERAL DEBT HELD BY THE PUBLIC

(Dollar amounts in billions)

| Fiscal year   | Current dollars         |                 |                  | Debt held by the public: FY 1996 dollars <sup>1</sup> | Debt held by the public as a percent of: |                                 | Interest on the debt held by the public as a percent of: <sup>3</sup> |     |
|---------------|-------------------------|-----------------|------------------|---|--|---------------------------------|---|-----|
|               | Debt held by the public | Excess balances | Net indebtedness |   | GDP                                      | Credit market debt <sup>2</sup> | Total outlays   | GDP |
| 1946          | 241.9                   |                 | 241.9            | 1,728.3   | 108.6                                    | N/A                             | 7.4   | 1.8 |
| 1950          | 219.0                   |                 | 219.0            | 1,270.7   | 80.1                                     | 53.3                            | 11.4  | 1.8 |
| 1955          | 226.6                   |                 | 226.6            | 1,154.9   | 57.3                                     | 43.2                            | 7.6   | 1.3 |
| 1960          | 236.8                   |                 | 236.8            | 1,070.7   | 45.6                                     | 33.8                            | 8.5   | 1.5 |
| 1965          | 260.8                   |                 | 260.8            | 1,102.4   | 37.9                                     | 26.9                            | 8.1   | 1.4 |
| 1970          | 283.2                   |                 | 283.2            | 994.2   | 28.0                                     | 20.8                            | 7.9   | 1.5 |
| 1975          | 394.7                   |                 | 394.7            | 1,020.6   | 25.3                                     | 18.4                            | 7.5   | 1.6 |
| 1980          | 711.9                   |                 | 711.9            | 1,271.6   | 26.1                                     | 18.5                            | 10.6  | 2.3 |
| 1985          | 1,507.4                 |                 | 1,507.4          | 2,051.0   | 36.4                                     | 22.3                            | 16.2  | 3.7 |
| 1986          | 1,740.8                 |                 | 1,740.8          | 2,313.1   | 39.5                                     | 22.6                            | 16.1  | 3.6 |
| 1987          | 1,889.9                 |                 | 1,889.9          | 2,444.1   | 40.7                                     | 22.3                            | 16.0  | 3.5 |
| 1988          | 2,051.8                 |                 | 2,051.8          | 2,569.3   | 40.9                                     | 22.2                            | 16.2  | 3.4 |
| 1989          | 2,191.0                 |                 | 2,191.0          | 2,641.9   | 40.5                                     | 22.0                            | 16.5  | 3.5 |
| 1990          | 2,411.8                 |                 | 2,411.8          | 2,803.0   | 42.1                                     | 22.6                            | 16.2  | 3.5 |
| 1991          | 2,689.3                 |                 | 2,689.3          | 3,008.3   | 45.3                                     | 24.1                            | 16.2  | 3.6 |
| 1992          | 3,000.1                 |                 | 3,000.1          | 3,270.0   | 48.2                                     | 25.7                            | 15.5  | 3.4 |
| 1993          | 3,248.8                 |                 | 3,248.8          | 3,458.8   | 49.5                                     | 26.6                            | 14.9  | 3.2 |
| 1994          | 3,433.4                 |                 | 3,433.4          | 3,577.9   | 49.4                                     | 26.8                            | 14.4  | 3.0 |
| 1995          | 3,604.8                 |                 | 3,604.8          | 3,676.8   | 49.2                                     | 26.6                            | 15.8  | 3.3 |
| 1996          | 3,734.5                 |                 | 3,734.5          | 3,734.5   | 48.5                                     | 26.2                            | 15.8  | 3.2 |
| 1997          | 3,772.8                 |                 | 3,772.8          | 3,700.6   | 46.1                                     | 25.2                            | 15.7  | 3.1 |
| 1998          | 3,721.6                 |                 | 3,721.6          | 3,599.3   | 42.9                                     | 23.3                            | 15.1  | 2.9 |
| 1999          | 3,632.9                 |                 | 3,632.9          | 3,464.9   | 39.8                                     | 21.2                            | 13.8  | 2.6 |
| 2000          | 3,410.1                 |                 | 3,410.1          | 3,191.0   | 34.7                                     | 18.9                            | 13.0  | 2.4 |
| 2001 estimate | 3,174.2                 |                 | 3,174.2          | 2,908.2   | 30.8                                     | N/A                             | 11.6  | 2.1 |
| 2002 estimate | 2,946.8                 |                 | 2,946.8          | 2,644.6   | 27.1                                     | N/A                             | 10.1  | 1.8 |
| 2003 estimate | 2,719.5                 |                 | 2,719.5          | 2,390.5   | 23.8                                     | N/A                             | 9.2   | 1.6 |
| 2004 estimate | 2,473.2                 |                 | 2,473.2          | 2,129.3   | 20.5                                     | N/A                             | 8.3   | 1.4 |
| 2005 estimate | 2,219.4                 |                 | 2,219.4          | 1,871.4   | 17.5                                     | N/A                             | 7.2   | 1.2 |
| 2006 estimate | 1,928.2                 |                 | 1,928.2          | 1,592.4   | 14.4                                     | N/A                             | 6.3   | 1.0 |
| 2007 estimate | 1,601.7                 |                 | 1,601.7          | 1,295.6   | 11.4                                     | N/A                             | 5.3   | 0.9 |
| 2008 estimate | 1,403.9                 | 161.5           | 1,242.3          | 1,112.5   | 9.5                                      | N/A                             | 4.5   | 0.7 |
| 2009 estimate | 1,278.7                 | 442.8           | 835.9            | 992.4   | 8.2                                      | N/A                             | 4.0   | 0.6 |
| 2010 estimate | 1,207.9                 | 824.0           | 383.9            | 918.0   | 7.3                                      | N/A                             | 3.5   | 0.6 |
| 2011 estimate | 1,157.7                 | 1,287.2         | -129.5           | 861.7   | 6.7                                      | N/A                             | 3.3   | 0.5 |

N/A= Not Available.

<sup>1</sup>Debt in current dollars deflated by the GDP chain-type price index with fiscal year 1996 equal to 100.<sup>2</sup>Total credit market debt owed by domestic nonfinancial sectors, modified in a few early years to be consistent with budget concepts for the measurement of Federal debt. Financial sectors are omitted to avoid double counting, since financial intermediaries borrow in the credit market primarily in order to finance lending in the credit market. Source: Federal Reserve Board flow of funds accounts. Projections are not available.<sup>3</sup>Interest on debt held by the public for 1946-2007 is estimated as the interest on Treasury debt securities less the "interest received by trust funds" (subfunction 901 less subfunctions 902 and 903). For 2008-2011, in order to maintain comparability with debt held by the public, it does not include interest earnings on excess balances, which are offsetting receipts within subfunction 901. The estimate of interest on debt held by the public does not include the comparatively small amount of interest paid on agency debt or the offsets for interest on Treasury debt received by other Government accounts (revolving funds and special funds).

the maturity of 10-year notes sold after September will extend beyond 2011. Regardless of the size of the surplus, these securities can be redeemed early only if Treasury can buy them back in the market. Some holders of these securities, especially those who place special value on the absence of any credit risk, will not be willing to sell them back to the Treasury except at premiums that are excessively high from the standpoint of the Federal Government. The Congressional Budget Office (CBO) agrees, noting in its January report that "it is unlikely that all, or even a significant

share, of the holders of those bonds will choose to sell them at prices that the government is willing to pay."<sup>3</sup>

A second group of Treasury securities that may not readily be redeemable consists of special purpose, non-marketable debt. Savings bonds, the largest component, are thought by many people to encourage private saving by small savers in a convenient and safe investment vehicle. Furthermore, even if the Government decided to terminate this program, many savings bonds, including those now being sold, do not mature until after 2011. State and local government series securities, the second largest type of non-marketable debt, are a way

<sup>3</sup>CBO, *The Budget and Economic Outlook: Fiscal Years 2002-2011* (January 2001), page 15.

**Table 12-2. NON-REDEEMABLE DEBT <sup>1</sup>**

(In billions of dollars)

|   | Estimate<br>2011 |
|---|------------------|
| <b>Marketable Treasury Debt: <sup>2</sup></b>   |                  |
| Coupon issues   |                  |
| (non-matured 10- and 30-year notes and bonds) .....   | 677              |
| Inflation-indexed issues <sup>3</sup>   |                  |
| (non-matured 10- and 30-year notes and bonds) .....   | 113              |
| <b>Non-Marketable Treasury Debt:</b>  |                  |
| Savings bonds .....   | 170              |
| State and local government series: securities used temporarily<br>to house proceeds of bond issues .....  | 86               |
| Foreign series: bonds that back debt in certain emerging markets,<br>or "Brady Bonds" (mature during 2019-2023) .....                           | 19               |
| Domestic series: bonds that back REFCORP debt issued as<br>part of the Savings and Loan association clean-up (mature<br>during 2019-2030) ..... | 30               |
| Government account series: Thrift Savings Fund (defined-con-<br>tribution pension plan for Federal civilian employees) .....                    | 76               |
| Unamortized discounts and premiums (primarily for zero-cou-<br>pon bonds in the foreign and domestic series) .....                              | -33              |
| <b>Agency Debt:</b>   |                  |
| Tennessee Valley Authority and other agencies .....   | 20               |
| <b>Total .....</b>  | <b>1,158</b>     |

<sup>1</sup> Types of debt securities are shown at par values. The total of \$1,158 billion includes an adjustment for unamortized discounts and premiums, which is consistent with the measurement of debt held by the public.

<sup>2</sup> This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume that Treasury will buy back \$35 billion (face value) of securities in FY 2001.

<sup>3</sup> Includes indexation adjustments based on the economic assumptions for this budget.

for state and local governments to invest bond proceeds temporarily. The interest rate that states and localities pay on their bonds is reduced by Federal income tax exemption, and Federal legislation restricts them from earning arbitrage profits by investing bond proceeds in higher yielding investments. Other non-marketable Treasury securities with long maturities were issued to back-up certain debt that was issued to resolve financial problems among savings and loan associations, or to back-up debt in the emerging markets of a few foreign countries. Still other non-marketable securities were sold to the Thrift Savings Fund, a defined-contribution pension plan for Federal civilian employees, which offers investment in Treasury securities as one option.

In addition to Treasury securities, Federal debt includes a small amount of securities issued by a few Federal agencies. These securities may not readily be redeemed and in some cases, as discussed in a later section, are inherent in the way the program operates.

It is impossible to know with confidence how much non-redeemable debt will remain in 2008, when for the first time the surplus is estimated to be larger than the maturing debt, or how much will remain in 2011. That will depend on many debt management decisions that have not yet been made and will not be made until the appropriate future occasions. The budget therefore makes a number of simplified assumptions that are not intended to prejudice future debt management decisions. Marketable coupon securities are discontinued after 2005. All bonds that are callable prior to maturity are called on the first call date. Treasury

buys back \$35 billion of bonds in 2001; consistent with previous budget documents, estimates are not made of buybacks in later years. Savings bonds decline slightly, and the state and local government series declines significantly.

The Congressional Budget Office has also estimated the debt not available for redemption. Their latest estimates, published in January 2001, project that \$818 billion of publicly held debt would be unavailable for redemption at the end of 2011.<sup>4</sup> Compared to the assumptions in the budget, CBO assumes that marketable notes and bonds will be discontinued earlier and buybacks will continue beyond 2001. They project "that the Treasury will continue its buyback program at approximately the current level through next year but that after 2002, the amount of debt it repurchases will dwindle."<sup>5</sup>

Based on the budget estimates, the surplus eventually exceeds the debt that can be redeemed in the same year—what happens to the difference? This budget does not make any assumption about how the difference is held and simply calls it "excess balances," a term that does not have any connotations about how the amounts are held.<sup>6</sup> It uses the term "net indebtedness" for the difference between debt held by the public and excess balances. Excess balances start in 2008 and grow to \$1.3 trillion in 2011, when net indebtedness becomes negative.

The Government itself does not have any satisfactory way to hold these excess balances as assets. As the Administration stated in *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities* (February 2001): "The Administration believes that Government acquisition of the private economy is utterly unacceptable as a matter of principle. . . . [and] that Government investment of these uncommitted funds in private companies and securities would harm the economy's long run growth prospects."<sup>7</sup> The Administration also believes that it would be impracticable to hold such large amounts in its accounts at the Federal Reserve Banks and other depositories.<sup>8</sup> Indeed, holding such amounts in the Federal Reserve would simply shift to it the need to invest in the private sector.

In fact, it should not be supposed that excess balances will ever actually be accumulated. The projections in this budget are for ten and one-half years, a long period with many inherent uncertainties. The budget has therefore set aside "over \$0.8 trillion in reserve funds that can be used for additional needs, contingency purposes, and further debt reduction if this became financially viable."<sup>9</sup> The budget recognizes that a num-

<sup>4</sup> *Ibid.*, pages 14-15.

<sup>5</sup> *Ibid.*, page 15.

<sup>6</sup> The word "excess" means in excess of the amounts held for operational and programmatic purposes. Excess balances are assumed to earn interest. Because no institutional arrangements are assumed regarding how or whether the excess balances might be deposited or invested, the interest earnings on excess balances are included, as offsetting receipts, in the account "interest on Treasury debt securities (gross)."

<sup>7</sup> *A Blueprint for New Beginnings*, page 13.

<sup>8</sup> *Ibid.*, page 31.

<sup>9</sup> *Ibid.*, page 11 footnote. Also see table S-1 of the *Budget* for the place of the contingency reserve in a summary of the President's 10-year plan.

ber of reasons could require the commitment of more resources, such as national defense and entitlement reforms, and that the debt buyback program may remain more cost-effective for some period of time. It also says that unneeded funds should be left with American workers through lower taxes in the future.<sup>10</sup> To be realistic, any plan over ten years must allow for contingencies and other uncertainties in its construction and its interpretation. Excess balances are a recognition that the future is uncertain and many decisions will not be made until later years.

### Debt Held by the Public, Gross Federal Debt, and Liabilities Other Than Debt

The Federal Government issues debt securities for two principal purposes. First, it borrows from the public to finance the Federal deficit.<sup>11</sup> Second, it issues debt to Government accounts, primarily trust funds, that accumulate surpluses. By law, trust fund surpluses must generally be invested in Federal securities. The gross Federal debt is defined to consist of both the debt held by the public and the debt held by Government accounts. Nearly all the Federal debt has been issued by the Treasury and is sometimes called "public debt," but a small portion has been issued by other Government agencies and is called "agency debt."<sup>12</sup>

Borrowing from the public, whether by the Treasury or by some other Federal agency, has a significant impact on the economy. Borrowing from the public is normally a good approximation of the Federal demand on credit markets. Even if the proceeds are used productively for tangible or intangible investment, the Federal demand on credit markets has to be financed out of the saving of households and businesses, the State and local sector, or the rest of the world. Federal borrowing thereby competes with the borrowing of other sectors for financial resources in the credit market, and tends to increase interest rates and reduce private capital accumulation. Borrowing from the public thus affects the size and composition of assets held by the private sector and the perceived wealth of the public. It also increases the amount of taxes required to pay interest to the public on Federal debt. Borrowing from the public is therefore an important concern of Federal fiscal policy.<sup>13</sup>

<sup>10</sup> See generally *ibid.*, chapter III, especially pages 16–17.

<sup>11</sup> Debt held by the public was measured until 1988 as the par value (or face value) of the security, which is the principal amount due at maturity. (The only exception was savings bonds.) However, most Treasury securities are sold at a discount from par, and some are sold at a premium. Treasury debt held by the public is now measured as the sales price plus the amortized discount (or less the amortized premium). At the time of sale, the value equals the sales price. Subsequently, the value equals the sales price plus the amount of the discount that has been amortized up to that time. In equivalent terms, the measured value of the debt equals par less the unamortized discount. (For a security sold at a premium, the definition is symmetrical.) When the measurement was changed, the data in *Historical Tables* were revised as far back as feasible, which was 1956. Agency debt, except for zero-coupon certificates, is recorded at par. For further analysis of these concepts, see Special Analysis E, "Borrowing and Debt," in *Special Analyses, Budget of the United States Government, Fiscal Year 1990*, pages E-5 to E-8, although some of the practices it describes have been changed. In 1997 Treasury began to sell inflation-indexed notes and bonds. The recorded value of these securities includes a periodic adjustment for inflation.

<sup>12</sup> The term "agency debt" is defined more narrowly in the budget than customarily in the securities market, where it includes not only the debt of the Federal agencies listed in table 12-4 but also the debt of the Government-sponsored enterprises listed in table 8-11 at the end of Chapter 8 and certain Government-guaranteed securities.

<sup>13</sup> The Federal sector of the national income and product accounts provides a measure of the current surplus or deficit that can be used to analyze the effect of Federal fiscal

Issuing debt securities to Government accounts performs an essential function in accounting for the operation of these funds. The balances of debt represent the cumulative surpluses of these funds due to the excess of their tax receipts, interest receipts, and other collections compared to their spending. The interest on the debt compensates these funds—and the members of the public who pay earmarked taxes or user fees into these funds—for spending some of the funds' collections at a later time than when they receive the money. The debt securities are a liability of the general fund to the fund that holds the securities and are a mechanism for that fund to accumulate interest on its balances. The fund can use these invested balances in later years to draw upon the U.S. Treasury to make future payments on its behalf to the public. Public policy may deliberately run surpluses and accumulate debt in trust funds and other Government accounts in anticipation of future spending.

However, issuing debt to Government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction of the Government, made between two accounts that are both within the Government itself. It is not a current transaction of the Government with the public; it does not draw upon private saving and compete with the private sector for available funds in the credit market; it does not provide the account with resources other than a legal claim on the U.S. Treasury; its interest does not have to be financed by taxes or other means; and it does not represent the estimated amount of the account's future transactions with the public. For example, if the account records the transactions of a social insurance program, the debt that it holds does not represent the actuarial present value of expected future benefits for either the current participants in the program or the larger group of current participants plus the expected future participants over some stated time period. The future transactions of Federal social insurance and employee retirement programs, which own about three-fourths of the debt held by Government accounts, are important in their own right and need to be considered separately. This can be done through information published in actuarial and financial reports for these programs.<sup>14</sup> Debt held by the public is therefore a better concept than gross Federal debt for analyzing the effect of the budget on the economy.

Debt securities do not encompass all the liabilities of the Federal Government. For example, accounts payable occur in the normal course of buying goods and services; social security benefits are due and payable as of the end of the month but, according to statute, are paid during the next month; loan guarantee liabil-

policy on national saving within the framework of an integrated set of measures of aggregate U.S. economic activity. The Federal sector and its differences from the budget are discussed in chapter 16 of this volume, "National Income and Product Accounts." Also see chapter 6 of this volume, Part IV, the section on the analysis of saving and investment.

<sup>14</sup> Extensive actuarial analyses of the social security and medicare programs are published in the annual reports of the boards of trustees of these funds. Annual actuarial reports are also prepared for Federal employee retirement funds. A summary of actuarial estimates for these and other programs is included annually in the *Financial Report of the United States Government* (formerly the *Consolidated Financial Statements*), prepared by the Financial Management Service of the Treasury Department.

Table 12-3. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

|   | Actual<br>2000 | Estimate |       |       |       |       |       |       |       |       |       |        |
|---|----------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|   |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011   |
| <b>Financing:</b>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Unified budget surplus .....  | 236            | 281      | 231   | 242   | 262   | 269   | 305   | 340   | 373   | 420   | 465   | 526    |
| On-budget surplus/reserve for contingencies <sup>1</sup> .....  | 87             | 125      | 59    | 49    | 52    | 32    | 52    | 69    | 85    | 117   | 142   | 184    |
| Off-budget surplus .....  | 150            | 156      | 172   | 193   | 211   | 237   | 252   | 270   | 287   | 303   | 323   | 343    |
| Financing other than the change in debt held by the public:   |                |          |       |       |       |       |       |       |       |       |       |        |
| Premiums paid (-) on buybacks of Treasury securities <sup>2</sup> ....  | -6             | -10      | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | .....  |
| Changes in: <sup>3</sup>  |                |          |       |       |       |       |       |       |       |       |       |        |
| Treasury operating cash balance .....   | 4              | 3        | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | .....  |
| Checks outstanding, deposit funds, etc. <sup>4</sup> .....  | 3              | -*       | -1    | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | .....  |
| Seigniorage on coins .....  | 2              | 2        | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2      |
| Less: Net financing disbursements:  |                |          |       |       |       |       |       |       |       |       |       |        |
| Direct loan financing accounts .....  | -22            | -39      | -4    | -17   | -18   | -17   | -16   | -16   | -16   | -16   | -16   | -15    |
| Guaranteed loan financing accounts .....  | 4              | -1       | -1    | 1     | -*    | -*    | 1     | 1     | 1     | 1     | 1     | 1      |
| Total, financing other than the change in debt held by the public .....   | -13            | -45      | -4    | -15   | -16   | -15   | -14   | -13   | -13   | -13   | -13   | -13    |
| Total, amount available to repay debt held by the public .....  | 223            | 236      | 227   | 227   | 246   | 254   | 291   | 326   | 359   | 406   | 452   | 513    |
| Change in debt held by the public: <sup>5,6</sup>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Change in debt held by the public .....   | -223           | -236     | -227  | -227  | -246  | -254  | -291  | -326  | -198  | -125  | -71   | -50    |
| Less change in excess balances .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... | ..... | -162  | -281  | -381  | -463   |
| Change in net indebtedness .....  | -223           | -236     | -227  | -227  | -246  | -254  | -291  | -326  | -359  | -406  | -452  | -513   |
| <b>Debt Subject to Statutory Limitation, End of Year:</b>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Debt issued by Treasury .....   | 5,601          | 5,598    | 5,637 | 5,698 | 5,759 | 5,832 | 5,890 | 5,932 | 6,118 | 6,395 | 6,749 | 7,140  |
| Adjustment for Treasury debt not subject to limitation and agency debt subject to limitation <sup>7</sup> ..... | -15            | -15      | -15   | -15   | -15   | -15   | -15   | -15   | -15   | -15   | -15   | -15    |
| Adjustment for discount and premium <sup>8</sup> .....  | 6              | 6        | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6     | 6      |
| Total, debt subject to statutory limitation <sup>9</sup> .....  | 5,592          | 5,588    | 5,627 | 5,688 | 5,749 | 5,822 | 5,881 | 5,922 | 6,108 | 6,385 | 6,740 | 7,130  |
| <b>Debt Outstanding, End of Year:</b>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Gross Federal debt: <sup>10</sup>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Debt issued by Treasury .....   | 5,601          | 5,598    | 5,637 | 5,698 | 5,759 | 5,832 | 5,890 | 5,932 | 6,118 | 6,395 | 6,749 | 7,140  |
| Debt issued by other agencies .....   | 28             | 27       | 27    | 26    | 25    | 24    | 23    | 21    | 21    | 21    | 20    | 20     |
| Total, gross Federal debt .....   | 5,629          | 5,625    | 5,664 | 5,724 | 5,784 | 5,856 | 5,913 | 5,953 | 6,138 | 6,415 | 6,770 | 7,160  |
| <b>Held by:</b>   |                |          |       |       |       |       |       |       |       |       |       |        |
| Debt securities held as assets by Government accounts .....   | 2,219          | 2,451    | 2,717 | 3,004 | 3,310 | 3,636 | 3,985 | 4,352 | 4,735 | 5,137 | 5,562 | 6,002  |
| Debt securities held as assets by the public: <sup>6</sup>  |                |          |       |       |       |       |       |       |       |       |       |        |
| Debt held by the public .....   | 3,410          | 3,174    | 2,947 | 2,720 | 2,473 | 2,219 | 1,928 | 1,602 | 1,404 | 1,279 | 1,208 | 1,158  |
| Less excess balances .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... | ..... | -162  | -443  | -824  | -1,287 |
| Net indebtedness <sup>11</sup> .....  | 3,410          | 3,174    | 2,947 | 2,720 | 2,473 | 2,219 | 1,928 | 1,602 | 1,242 | 836   | 384   | -129   |

\*\$500 million or less.

<sup>1</sup> The actual amount of annual debt retirement will vary depending upon the availability of eligible redeemable debt, and the use, if any, of the contingency reserve.<sup>2</sup> This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume that Treasury will buy back \$35 billion (face value) of securities in FY 2001. The premiums paid on buybacks are based on experience to date and the interest rates in the economic assumptions.<sup>3</sup> A decrease in the Treasury operating cash balance (which is an asset) would be a means of financing a deficit and therefore has a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing a deficit and therefore would also have a positive sign.<sup>4</sup> Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.<sup>5</sup> Indian tribal funds that are owned by the Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf were reclassified from trust funds to deposit funds as of October 1, 1999. Their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public, which affected the change in debt held by the public without affecting borrowing or the repayment of debt.<sup>6</sup> The amount of the unified budget surplus that is available to repay debt held by the public is estimated to be more than the amount of debt that is available to be redeemed in 2008 and subsequent years. The difference is assumed to be held as "excess balances." ("Excess" means in excess of the amounts held for operational and programmatic purposes.) The debt held by the public is the amount of Federal debt securities held by the public. The net indebtedness is the debt held by the public less the excess balances.<sup>7</sup> Consists primarily of Federal Financing Bank debt.<sup>8</sup> Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.<sup>9</sup> The statutory debt limit is \$5,950 billion.<sup>10</sup> Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt is almost entirely measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).<sup>11</sup> At the end of 2000, the Federal Reserve Banks held \$511 billion of Federal securities and the rest of the public held \$2,899 billion. Debt held by the Federal Reserve Banks is not estimated for future years.

ities are incurred when the Government guarantees the payment of interest and principal on private loans; and liabilities for future pension payments are incurred as part of the current compensation for the services performed by Federal civilian and military employees in

producing Government outputs. Like debt securities sold in the credit market, these liabilities have their own distinctive effects on the economy. Federal liabilities are analyzed within the broader conceptual framework of Federal resources and responsibilities in chap-

ter 2 of this volume, “Stewardship: Toward a Federal Balance Sheet.” The different types of liabilities are reported annually in the financial statements of the major Federal agencies and in the *Financial Report of the United States Government*, prepared by the Treasury Department.

### Government Surpluses and Debt Repayment

Table 12–3 summarizes Federal borrowing and debt from 2000 through 2011. In 2000 the Government repaid \$223 billion of debt held by the public, and the debt outstanding decreased to \$3,410 billion. The debt held by Government accounts increased \$246 billion, and gross Federal debt increased by \$23 billion to a level of \$5,629 billion.

**Debt held by the public.**—Table 12–3 shows the relationship between the Federal surplus and the repayment of debt held by the public. The repayment of publicly held debt depends on the Federal Government’s expenditure programs and tax laws, on the economic conditions that influence tax receipts and outlays, and on debt management policy. The sensitivity of the budget to economic conditions is analyzed in chapter 1 of this volume.

The total or unified budget surplus consists of the on-budget surplus and the surplus of the off-budget Federal entities, which have been excluded from the budget by law. Under present law, the off-budget Federal entities are the social security trust funds (old-age and survivors insurance and disability insurance) and the Postal Service fund.<sup>15</sup> The off-budget totals consist almost entirely of social security, which had a large surplus in 2000 and is estimated to have large and growing surpluses throughout the projection period. The on-budget surplus is labeled “on-budget surplus/reserve for contingencies” in table 12–3, because the budget has set aside \$0.8 trillion that can be used for additional needs and contingency purposes. To the extent it is used for such purposes, outlays would be higher or receipts lower than estimated for this table, and the realized on-budget surplus would be correspondingly lower.

The Government’s ability to repay debt held by the public depends not only on the size of the total surplus but also on two other considerations—financing other than the change in debt held by the public, and the availability of redeemable debt.

**Financing other than the change in debt held by the public.**—The Government’s ability to repay debt held by the public, or its need to borrow, has always depended on several other factors besides the unified budget surplus or deficit, such as the change in Treasury cash balances or, in recent years, the net financing disbursements of credit programs. As shown in table 12–3, these other factors—which in this table are called “financing other than the change in debt held by the public”—can either increase or decrease the Government’s repayment of debt. (An increase in its ability

to repay debt is represented by a positive sign, like the surplus; a decrease is represented by a negative sign, like a deficit.) In 2000 the total surplus was \$236 billion and the “financing other than the change in debt held by the public” was -\$13 billion. As a result, the Government was able to repay \$223 billion of publicly held debt. The sum of the surplus and the other financing is roughly stable over the next few years and then rises sharply, as a result of which the Government repays large and generally increasing amounts of debt each year until limited by the availability of redeemable debt.

When the surplus or deficit is large, it is usually a good approximation to say that “the surplus is used to repay debt held by the public” or “the deficit is financed by borrowing from the public.” Over the last 10 years, the cumulative deficit was \$882 billion and the increase in debt held by the public was \$998 billion. The other factors added a total of \$116 billion of borrowing over that period, an average of \$12 billion per year. The variation was wide, ranging from additional borrowing (or lower repayment) of \$36 billion to reduced borrowing of \$19 billion. The other factors that affect borrowing do not depend on the size of the surplus or deficit. Thus, when the surplus or deficit is moderate in size, the other factors that affect borrowing may account for a large proportion of the change in Federal debt held by the public.

Many of these other factors are small in most years compared to borrowing from the public, even when the surplus or deficit is relatively small. This is because they are limited by their own nature. Decreases in cash balances, for example, while they may occasionally be large, are inherently limited by past accumulations, which themselves required financing when they were built up.

However, two other factors in the financing may be relatively large for extended periods. The first is premiums on debt buybacks—the excess of the price paid over the book value. As discussed earlier, the Treasury Department is buying back some outstanding bonds as part of its work to manage the reduction of the publicly held debt. The premiums at present are the result of interest rates having fallen since the bonds were sold and are recorded outside the budget totals as a separate entry in the “financing other than the change in debt held by the public.” It is important to note, however, that the volume of buybacks to date has been small relative to the outstanding stock of debt. The premiums were \$5.5 billion in 2000 on bonds with a book value of \$21.2 billion and are estimated to be \$10 billion in 2001, when buybacks are assumed to be made over the entire year. (Discounts would be recorded in the same way, if interest rates were to rise above the rates at the time of sale.) This classification is explained in a section of chapter 24, “Budget System and Concepts and Glossary.”

The second such factor was created by the Federal Credit Reform Act of 1990. Budget outlays for direct loans and loan guarantees consist of the estimated sub-

<sup>15</sup> For further explanation of the off-budget Federal entities, see chapter 19, “Off-Budget Federal Entities and Non-Budgetary Activities.”

sidy cost of the loans or guarantees at the time when the direct loans or guaranteed loans are disbursed. The cash flows to and from the public resulting from these loans and guarantees are not costs to the Government except for those costs already included in budget outlays. Therefore, they are non-budgetary in nature and are recorded as transactions of the non-budgetary financing account for each credit program.<sup>16</sup> The net cash flows of the financing accounts, including intragovernmental transactions as well as transactions with the public, are called “net financing disbursements.” They are defined in the same way as the “outlays” of a budgetary account and therefore affect the ability to repay debt held by the public, or the requirements for borrowing from the public, in the same way as the surplus or deficit.

The net financing disbursements are partly due to intragovernmental transactions with budgetary accounts (the receipt of subsidy payment and the receipt or payment of interest), and partly due to transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, and so forth). The intragovernmental transactions do not affect Federal borrowing from the public. (Although the surplus or deficit changes, the net financing disbursement changes in an equal amount with the opposite sign, so the effects cancel out on a net basis.) On the other hand, financing account disbursements to the public increase the requirement for borrowing from the public in the same way as an increase in budget outlays that are disbursed to the public in cash. Financing account receipts from the public can be used to finance the payment of the Government’s obligations, and therefore reduce the requirement for Federal borrowing from the public in the same way as an increase in budget receipts.

In the early years of credit reform, the financing accounts had little net effect on borrowing requirements, but their impact began to become large in the middle 1990s. By 2000 they required \$17 billion of financing, and thus reduced the repayment of debt by this amount; they are estimated to reduce debt repayment by \$40 billion in 2001, by \$5 billion in 2002, and by \$15–18 billion each year subsequently. The expansion from the early years was mainly because of the growth of the direct student loan program; the wide swings between 2000 and 2002 are due partly to the direct student loan program but even more to reestimates and recoveries on the loans that financed the sale of the spectrum. Since direct loans require cash disbursements equal to the full amount of the loans when the loans are made, Federal borrowing requirements are initially increased. Later, when the loans are repaid, Federal borrowing requirements will decrease.

*Availability of redeemable debt.*—A surplus can be used to reduce publicly held debt only to the extent

that debt securities can be retired whether because they mature, the owners exercise a right to redeem them on demand (as in the case of savings bonds), the Treasury calls them (as it may do at stated dates for a few issues of bonds), or the Treasury buys them back. As discussed in an earlier section of this chapter, the budget estimates that by 2008 so much debt will have been repaid that the amount available for redemption in that year will be much less than the unified budget surplus. As the estimates in table 12–3 show, the surplus in 2008 is \$373 billion and other financing requirements due to the factors discussed above are \$13 billion, so \$359 billion is available to repay debt held by the public. However, only \$198 billion of debt can be redeemed. Therefore, the remaining \$162 billion of the surplus is accumulated as “excess balances.” (The term “excess” means that the balances are in excess of the amounts held for operational and programmatic purposes.) In the following three years the amount of debt available to be redeemed diminishes, so despite growing surpluses the reduction in debt held by the public becomes progressively smaller.

*Debt held by Government accounts.*—The amount of Federal debt issued to Government accounts depends largely on the surpluses of the trust funds, both on-budget and off-budget, which owned 94 percent of the total Federal debt held by Government accounts at the end of 2000. In 2002, for example, the total trust fund surplus is estimated to be \$257 billion, and Government accounts are estimated to invest \$266 billion in Federal securities. The difference is mainly because some revolving funds and special funds also hold Federal debt. In addition, the trust funds may change the amount of their cash assets not currently invested. The amounts of debt held in major accounts and the annual investments are shown in table 12–5.

### Agency Debt

Several Federal agencies, shown in table 12–4, sell debt securities to the public and at times in the past have sold securities to other Government accounts. During 2000, agencies repaid \$0.2 billion to the public. Agency debt is only one percent of Federal debt held by the public. Agency borrowing and repayment of debt is estimated to remain small in 2001 and 2002.

The reasons for issuing agency debt differ considerably from one agency to another. The predominate agency borrower is the Tennessee Valley Authority, which had borrowed \$26.0 billion from the public as of the end of 2000, or 95 percent of the total for all agencies. TVA sells debt primarily to finance capital expenditures and to refund other issues of its existing debt.

The Federal Housing Administration, on the other hand, has for many years issued both checks and debentures as means of paying claims to the public that arise from defaults on FHA-insured mortgages. Issuing debentures to pay the Government’s bills is equivalent to borrowing from the public and then paying the bills by disbursing the cash borrowed, so the transaction

<sup>16</sup>The Federal Credit Reform Act of 1990 (sec. 505(b)) requires that the financing accounts be non-budgetary. As explained in chapter 19, “Off-Budget Federal Entities and Non-Budgetary Activities,” they are non-budgetary in concept because they do not measure cost. For additional discussion of credit reform, see chapter 24 of this volume, “Budget System and Concepts and Glossary,” and the other references cited in chapter 19.

Table 12-4. AGENCY DEBT

(In millions of dollars)

|   | Borrowing or repayment (-) of debt |               |               | Debt end of 2001 estimate |
|---|------------------------------------|---------------|---------------|---------------------------|
|   | 2000 Actual                        | 2001 Estimate | 2002 Estimate |                           |
| <b>Borrowing from the public:</b>                                 |                                    |               |               |                           |
| Housing and Urban Development:                                    |                                    |               |               |                           |
| Federal Housing Administration .....                              | 112                                | -84           |               | 143                       |
| Small Business Administration:                                    |                                    |               |               |                           |
| Participation certificates: Section 505 development company ..... |                                    |               |               | 7                         |
| Architect of the Capitol .....                                    | -2                                 | -2            | -3            | 168                       |
| Farm Credit System Financial Assistance Corporation .....         | -89                                |               |               | 775                       |
| Federal Communications Commission .....                           | 125                                |               | -125          |                           |
| Federal Deposit Insurance Corporation:                            |                                    |               |               |                           |
| FSLIC Resolution Fund .....                                       |                                    |               |               | 63                        |
| National Archives .....   | -6                                 | -6            | -7            | 258                       |
| Tennessee Valley Authority .....                                  | -390                               | -452          | -208          | 25,327                    |
| <b>Total, borrowing from the public .....</b>                     | <b>-249</b>                        | <b>-545</b>   | <b>-343</b>   | <b>26,741</b>             |
| <b>Borrowing from other funds:</b>                                |                                    |               |               |                           |
| Postal Service Fund <sup>1</sup> .....                            | -583                               | -51           |               |                           |
| <b>Total, borrowing from other funds .....</b>                    | <b>-583</b>                        | <b>-51</b>    |               |                           |
| <b>Total, agency borrowing .....</b>                              | <b>-832</b>                        | <b>-596</b>   | <b>-343</b>   | <b>26,741</b>             |

<sup>1</sup>The Postal Service debt held by other funds is the result of the FFB swapping Postal Service securities with the Civil Service Retirement and Disability trust fund during 1996 in exchange for Treasury securities having an equal present value. See the narrative for further explanation.

is recorded as being simultaneously an outlay and a borrowing. The debentures are therefore classified as agency debt. The borrowing by FHA and a few other agencies that have engaged in similar transactions is thus inherent in the way that their programs operate.<sup>17</sup>

Some types of lease-purchase contracts are equivalent to direct Federal construction financed by Federal borrowing. A number of years ago, the Federal Government guaranteed the debt used to finance the construction of buildings for the National Archives and the Architect of the Capitol, and has subsequently exercised full control over the design, construction, and operation of the buildings. The construction expenditures and interest were therefore classified as Federal outlays, and the borrowing was classified as Federal agency borrowing from the public.

The proper budgetary treatment of lease-purchases was further examined in connection with the Budget Enforcement Act of 1990. Several changes were made. Among other decisions, it was determined that outlays for a lease-purchase in which the Government assumes substantial risk will be recorded in an amount equal to the asset cost over the period during which the contractor constructs, manufactures, or purchases the asset; if the asset already exists, the outlays will be recorded when the contract is signed. Agency borrowing will be recorded each year to the extent of these outlays. The agency debt will subsequently be redeemed over the lease payment period by a portion of the annual lease payments. This rule was effective starting

<sup>17</sup>The debt securities of the FSLIC Resolution fund were also issued as a means of paying specified bills. The budgetary treatment of these and similar securities is further explained in Special Analysis E of the 1989 *Budget*, pp. E-25 to E-26; and Special Analysis E of the 1988 *Budget*, pp. E-27 to E-28.

in 1991.<sup>18</sup> However, no lease-purchase agreements in which the Government assumes substantial risk have yet been authorized or are estimated for 2001 or 2002. The new budgetary treatment was reviewed in connection with the Balanced Budget Act of 1997. Some clarifications were made, but there were no substantive changes from existing practice.

The amount of agency securities sold to the public has been reduced by borrowing from the Federal Financing Bank (FFB). The FFB is an entity within the Treasury Department, one of whose purposes is to substitute Treasury borrowing for agency borrowing from the public. It has the authority to purchase agency debt and finance these purchases by borrowing from the Treasury. Agency borrowing from the FFB is not included in gross Federal debt. It would be double counting to add together (a) the agency borrowing from the FFB and (b) the Treasury borrowing from the public that was needed to provide the FFB with the funds to lend to the agencies.

The debt of the agencies that borrow from the FFB is not subject to the statutory debt limitation. This enabled Treasury to raise additional cash to avoid default during the dispute with Congress over the budget and the debt limit five years ago. In February 1996, FFB swapped most of its holdings of TVA and Postal Service debt to the Civil Service Retirement and Disability trust fund (CSRDF) in exchange for Treasury securities. The TVA and most of the Postal Service securities acquired by CSRDF were redeemed before this year, but the remaining Postal Service securities

<sup>18</sup>The rule was not only about lease-purchases in which the Government assumes substantial risk. For all lease-purchases and other capital leases, the rule required that budget authority be recorded up front for the present value of these payments.

are included in gross Federal debt shown in table 12–3, are included in table 12–4 as amounts that agencies borrowed from other funds, and are included in table 12–5 as agency debt held by Government accounts. Including agency debt held by Government accounts in gross Federal debt is not double counting, because Treasury did not have to borrow from the public in order for these accounts to buy the securities. Moreover, the TVA and Postal Service securities acquired by CSRDF replaced Treasury securities, which had been counted in gross Federal debt. It is assumed the remaining Postal Service securities held by CSRDF will be redeemed in 2001, at which time CSRDF will invest the principal repayment in Treasury securities.<sup>19</sup>

### Debt Held by Government Accounts

Trust funds, and some public enterprise revolving funds and special funds, accumulate cash in excess of current requirements in order to meet future obligations. These cash surpluses are invested mostly in Treasury debt and, to a very small extent, in agency debt.

Investment by trust funds and other Government accounts has risen greatly over the past two decades. It was \$246 billion in 2000, as shown in table 12–5, and it is estimated to be \$266 billion in 2002. The holdings of Federal securities by Government accounts are estimated to grow to \$2.7 trillion billion by the end of 2002, or 48 percent of the gross Federal debt. This percentage is estimated to rise further in the following years as the budget surpluses reduce the debt held by the public and the trust funds continue to accumulate surpluses. By 2011, debt held by Government accounts is estimated to be 84 percent of the gross Federal debt.

The large investment by Government accounts is concentrated among a few trust funds. The two social security trust funds—old-age and survivors insurance and disability insurance—have a large combined surplus and invest an increasing amount each year: a total of \$486 billion during 2000–02, which is 65 percent of the total estimated investment by Government accounts.

In addition to these two funds, the largest investment is by the Federal employee retirement and disability

trust funds. The principal trust fund for Federal civilian employees is the civil service retirement and disability trust fund, which accounts for 13 percent of the total investment by Government accounts during 2000–02. The military retirement trust fund accounts for 2 percent. Altogether, social security and these two retirement funds account for 80 percent of the investment by all Government accounts during this period. At the end of 2002, they are estimated to own 76 percent of the total debt held by Government accounts. The largest other holdings are by the hospital insurance trust fund and the unemployment trust fund.

*Technical note on debt reclassifications.*—A small part of gross Federal debt was reclassified in 1999 from debt held by Government accounts to debt held by the public as the result of reclassifying some investments from trust funds (within the budget) to deposit funds. Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). Because the amounts are not owned by the Government, the transactions of deposit funds are not included in the unified budget receipts, outlays, and surplus or deficit, and the Treasury securities held by deposit funds have normally been included in debt held by the public rather than debt held by Government accounts.<sup>20</sup>

The reclassified funds were Indian tribal funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf. They were reclassified to deposit funds as of October 1, 1999, and their holdings of Treasury securities were accordingly reclassified from debt held by Government accounts to debt held by the public. The amount of the securities reclassified was \$355 million, which, as noted in footnote 5 to table 12–3, means that the decrease in publicly held debt in 2001 was \$355 million less than the amount available to repay debt. The reason for the change in classification is explained in chapter 15, "Trust Funds and Federal Funds," in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2001* (pages 347–51).

<sup>19</sup>For further discussion of the debt limit dispute and the swap of securities between the FFB and CSRDF, see *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1998*, pages 222 and 225.

<sup>20</sup>Deposit funds are further discussed in a section of chapter 24, "Budget System and Concepts and Glossary."

Table 12-5. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>

(In millions of dollars)

| Description   | Investment or disinvestment (-) |                |                | Holdings end of 2002 estimate |
|---|---------------------------------|----------------|----------------|-------------------------------|
|   | 2000 Actual                     | 2001 Estimate  | 2002 Estimate  |                               |
| <b>Investment in Treasury debt:</b>                                   |                                 |                |                |                               |
| Energy:   |                                 |                |                |                               |
| Nuclear waste disposal fund <sup>1</sup> .....                        | 1,301                           | 1,034          | 1,140          | 11,409                        |
| Uranium enrichment decontamination fund .....                         | 509                             | 418            | 491            | 3,072                         |
| Health and Human Services:  |                                 |                |                |                               |
| Federal hospital insurance trust fund .....                           | 15,092                          | 28,319         | 33,692         | 230,870                       |
| Federal supplementary medical insurance trust fund .....              | 18,547                          | -5,601         | -202           | 39,272                        |
| Vaccine injury compensation trust fund .....                          | 146                             | 103            | 113            | 1,793                         |
| Housing and Urban Development:  |                                 |                |                |                               |
| Federal Housing Administration mutual mortgage fund .....             | 2,318                           | 500            | 4,000          | 21,760                        |
| Other HUD .....   | 205                             | 420            | 439            | 7,055                         |
| Interior: Abandoned Mine Reclamation fund .....                       | 82                              | -22            | 139            | 1,964                         |
| Labor:  |                                 |                |                |                               |
| Unemployment trust fund .....   | 9,042                           | 6,462          | 6,668          | 99,529                        |
| Pension Benefit Guaranty Corporation .....                            | 1,204                           | 1,109          | 1,603          | 13,212                        |
| State: Foreign Service retirement and disability trust fund .....     | 527                             | 533            | 543            | 11,734                        |
| Transportation:   |                                 |                |                |                               |
| Highway trust fund .....  | 2,940                           | 1,601          | 103            | 32,727                        |
| Airport and airway trust fund .....                                   | 683                             | 2,536          | 1,066          | 16,699                        |
| Oil spill liability trust fund .....                                  | 136                             | -92            | -142           | 965                           |
| Aquatic resources trust fund .....                                    | 43                              | -8             | 96             | 1,280                         |
| Treasury: Exchange stabilization fund .....                           | -4,204                          | -998           | .....          | 10,031                        |
| Veterans Affairs:   |                                 |                |                |                               |
| National service life insurance trust fund .....                      | -149                            | -243           | -327           | 11,234                        |
| Other trust funds .....   | 44                              | 24             | 30             | 1,894                         |
| Federal funds .....   | -8                              | -15            | -18            | 510                           |
| Defense-Civil:  |                                 |                |                |                               |
| Military retirement trust fund .....                                  | 8,074                           | 2,640          | 6,190          | 158,178                       |
| Harbor maintenance trust fund .....                                   | 67                              | .....          | 162            | 1,833                         |
| Environmental Protection Agency:                                      |                                 |                |                |                               |
| Hazardous substance trust fund .....                                  | -467                            | -475           | -430           | 3,221                         |
| Leaking underground storage tank trust fund .....                     | 211                             | 176            | 213            | 2,058                         |
| International Assistance Programs:                                    |                                 |                |                |                               |
| Overseas Private Investment Corporation .....                         | 43                              | 46             | 132            | 3,305                         |
| Office of Personnel Management:                                       |                                 |                |                |                               |
| Civil Service retirement and disability trust fund <sup>3</sup> ..... | 31,347                          | 31,198         | 31,184         | 574,368                       |
| Employees life insurance fund .....                                   | 1,617                           | 1,326          | 1,297          | 24,995                        |
| Employees health benefits fund .....                                  | 154                             | 759            | 1,171          | 7,919                         |
| Social Security Administration:                                       |                                 |                |                |                               |
| Federal old-age and survivors insurance trust fund <sup>2</sup> ..... | 131,293                         | 137,096        | 151,417        | 1,182,032                     |
| Federal disability insurance trust fund <sup>2</sup> .....            | 21,041                          | 21,680         | 23,134         | 158,521                       |
| Farm Credit System Insurance Corporation:                             |                                 |                |                |                               |
| Farm Credit Insurance Fund .....                                      | 145                             | 96             | 94             | 1,711                         |
| Federal Deposit Insurance Corporation:                                |                                 |                |                |                               |
| Bank Insurance fund .....   | 967                             | -302           | 290            | 29,314                        |
| FSLIC Resolution fund .....   | 204                             | 242            | 220            | 2,970                         |
| Savings Association Insurance fund .....                              | 603                             | 162            | 78             | 10,987                        |
| National Credit Union Administration: Share insurance fund .....      | 218                             | 283            | 271            | 4,900                         |
| Postal Service fund <sup>2</sup> .....                                | 277                             | .....          | .....          | 1,086                         |
| Railroad Retirement Board trust funds <sup>1</sup> .....              | 1,235                           | 1,217          | 1,158          | 20,877                        |
| Other Federal funds .....   | 1,515                           | 20             | 383            | 7,205                         |
| Other trust funds .....   | -262                            | -307           | -302           | 6,618                         |
| Unrealized discount <sup>1</sup> .....                                | -422                            | .....          | .....          | -2,230                        |
| <b>Total, investment in Treasury debt <sup>1</sup> .....</b>          | <b>246,319</b>                  | <b>231,937</b> | <b>266,096</b> | <b>2,716,878</b>              |
| <b>Investment in agency debt:</b>                                     |                                 |                |                |                               |
| Office of Personnel Management:                                       |                                 |                |                |                               |
| Civil Service retirement and disability trust fund <sup>3</sup> ..... | -583                            | -51            | .....          | .....                         |
| <b>Total, investment in agency debt .....</b>                         | <b>-583</b>                     | <b>-51</b>     | <b>.....</b>   | <b>.....</b>                  |
| <b>Total, investment in Federal debt <sup>1</sup> .....</b>           | <b>245,736</b>                  | <b>231,886</b> | <b>266,096</b> | <b>2,716,878</b>              |

Table 12-5. DEBT HELD BY GOVERNMENT ACCOUNTS <sup>1</sup>—Continued

(In millions of dollars)

| Description                                    | Investment or disinvestment (-) |               |               | Holdings end of 2002 estimate |
|--|---------------------------------|---------------|---------------|-------------------------------|
|  | 2000 Actual                     | 2001 Estimate | 2002 Estimate |                               |
| <b>MEMORANDUM</b>                              |                                 |               |               |                               |
| Investment by Federal funds (on-budget) .....  | 5,102                           | 2,994         | 9,262         | 129,405                       |
| Investment by Federal funds (off-budget) ..... | 277                             | .....         | .....         | 1,086                         |
| Investment by trust funds (on-budget) .....    | 88,444                          | 70,116        | 82,283        | 1,248,064                     |
| Investment by trust funds (off-budget) .....   | 152,334                         | 158,776       | 174,551       | 1,340,553                     |
| Unrealized discount <sup>1</sup> .....         | -422                            | .....         | .....         | -2,230                        |

<sup>1</sup> Debt held by Government accounts is measured at face value except for the Treasury zero-coupon bonds held by the Nuclear Waste Disposal fund and the Railroad Retirement Board (Rail Industry Pension Fund), which are recorded at market or redemption price; and the unrealized discount on Government account series, which is not distributed by account. Changes are not estimated in the unrealized discount. If recorded at face value, the debt held by the Nuclear Waste Disposal fund would be \$8.3 billion higher than recorded in this table at the end of 2000 and the debt held by the Railroad Retirement Board would be \$6.3 billion higher.

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

<sup>3</sup> The FFB swapped Treasury securities with the Civil Service retirement and disability trust fund (CSRDF) in 1996 in exchange for agency securities having an equal present value. The result is shown in this table as agency debt held by CSRDF.

*Technical note on measurement.*—The Treasury securities held by Government accounts consist almost entirely of the Government account series. Most were issued at par value (face value), and the securities issued at a discount or premium were traditionally recorded at par in the OMB and Treasury reports on Federal debt. However, there are two kinds of exceptions. First, in 1991, Treasury began to issue zero-coupon bonds to a very few Government accounts. Because the purchase price is a small fraction of par value and the amounts are large, the holdings are recorded in table 12-5 at purchase price plus amortized discount. The only two Government accounts that currently hold zero-coupon bonds are the Nuclear Waste Disposal fund in the Department of Energy and the Rail Industry Pension fund under the Railroad Retirement Board. The total unamortized discount of these zero-coupon bonds was -\$14.6 billion at the end of 2000.

Second, in September 1993 Treasury began to subtract the unrealized discount on other Government account series securities in calculating “net federal securities held as investments of government accounts.” Unlike the discount recorded for zero-coupon bonds or for any debt held by the public, this discount is the amount at the time of issue and is not amortized over the term of the security. In table 12-5 it is shown as a separate item at the end of the table and not distributed by account. The amount was -\$2.2 billion at the end of 2000.

### Limitations on Federal Debt

*Definition of debt subject to limit.*—Statutory limitations have usually been placed on Federal debt. Until World War I, the Congress ordinarily authorized a specific amount of debt for each separate issue. Beginning with the Second Liberty Bond Act of 1917, however, the nature of the limitation was modified in several steps until it developed into a ceiling on the total amount of most Federal debt outstanding. This last type of limitation has been in effect since 1941. The limit currently applies to most debt issued by the Treasury since September 1917, whether held by the public or by Government accounts; and other debt

issued by Federal agencies that, according to explicit statute, is guaranteed as to principal and interest by the United States Government.

The middle part of Table 12-3 compares total Treasury debt with the amount of Federal debt that is subject to the limit. Most of the Treasury debt not subject to limit was issued by the FFB (Federal Financing Bank). The FFB is authorized to have outstanding up to \$15 billion of publicly issued debt, and this amount was issued several years ago to the Civil Service Retirement and Disability trust fund. The remaining Treasury debt not subject to limit consists almost entirely of silver certificates and other currencies no longer being issued.

The sole type of agency debt currently subject to the general limit is the debentures issued by the Federal Housing Administration, which were only \$227 million at the end of 2000. Some of the other agency debt, however, is subject to its own statutory limit. For example, the Tennessee Valley Authority is limited to \$30 billion of securities outstanding.

The comparison between Treasury debt and debt subject to limit also includes an adjustment for measurement differences in the treatment of discounts and premiums. As explained elsewhere in this chapter, debt securities may be sold at a discount or premium, and the measurement of debt may take this into account rather than recording the face value of the securities. However, the measurement differs between gross Federal debt (and its components) and the statutory definition of debt subject to limit. An adjustment is needed to derive debt subject to limit (as defined by law) from Treasury debt, and this adjustment is defined in footnote 8 to table 12-3. The amount is relatively small: \$5.6 billion at the end of 2000 compared to the total discount (less premium) of \$72.8 billion on all Treasury securities.

*Changes in the debt limit.*—The statutory debt limit has frequently been changed. Since 1960, Congress has passed 68 separate acts to raise the limit, extend the duration of a temporary increase, or revise

the definition.<sup>21</sup> Major increases in the debt limit were enacted as part of the deficit reduction packages in the Omnibus Budget Reconciliation Acts of 1990 and 1993. Both changes in law were preceded by one or more temporary increases in the limit before agreement was reached on the debt and the deficit reduction measures together. Both increases in the debt limit were large enough to last over two years without a further change in law, the longest times without an increase since the period from 1946 to 1954.

The debt again approached the limit in 1995, and the limit again became part of the larger issue of deficit reduction. During an extended period of dispute between the President and the Congress, the Treasury Department took a number of administrative actions to keep within the limit and the Congress passed two acts providing temporary exemptions from the limit.

<sup>21</sup>The Acts and the statutory limits since 1940 are enumerated in *Historical Tables, Budget of the United States Government*, table 7.3.

In March 1996, although agreement had not been reached on deficit reduction, Congress passed an act that increased the debt limit from \$4,900 billion to \$5,500 billion.

During 1997, unlike 1996, the President and the Congress reached agreement on a plan to balance the budget. This included a sufficient increase in the debt limit to accommodate Government finances for longer than possible under the limit enacted in the previous year, even though the amount of debt at that time was considerably under the limit. As a result, the Balanced Budget Act of 1997, which the President signed into law on August 5, 1997, increased the debt limit to \$5,950 billion. According to the estimates in tables 12–3 and 12–6, the debt limit will not be reached until 2008.

**Federal funds financing and the change in debt subject to limit.**—The change in debt held by the public, as shown in table 12–3, is determined primarily by the total Government deficit or surplus. The debt

**Table 12–6. FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO STATUTORY LIMIT**

(In billions of dollars)

| Description   | 2000<br>Actual | Estimate   |            |            |            |            |            |            |            |            |            |            |
|---|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|   |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       |
| <b>Federal funds surplus or deficit (–)</b> .....                                 | <b>2</b>       | <b>49</b>  | <b>–25</b> | <b>–45</b> | <b>–44</b> | <b>–57</b> | <b>–44</b> | <b>–27</b> | <b>–10</b> | <b>17</b>  | <b>40</b>  | <b>86</b>  |
| Means of financing other than borrowing:  |                |            |            |            |            |            |            |            |            |            |            |            |
| Premiums paid (–) on buybacks of Treasury securities <sup>1</sup> .....           | –6             | –10        | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      |
| Change in: <sup>2</sup>   |                |            |            |            |            |            |            |            |            |            |            |            |
| Treasury operating cash balances .....  | 4              | 3          | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      |
| Checks outstanding, deposit funds, etc. <sup>3</sup> .....                        | –3             | 2          | –1         | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      |
| Seignorage on coins .....   | 2              | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Less: Net financing disbursements   |                |            |            |            |            |            |            |            |            |            |            |            |
| Direct loan financing accounts .....  | –22            | –39        | –4         | –17        | –18        | –17        | –16        | –16        | –16        | –16        | –16        | –15        |
| Guaranteed loan financing accounts .....  | 4              | –1         | –1         | 1          | –*         | –*         | 1          | 1          | 1          | 1          | 1          | 1          |
| <b>Total, means of financing other than borrowing</b> .....                       | <b>–20</b>     | <b>–42</b> | <b>–4</b>  | <b>–15</b> | <b>–16</b> | <b>–15</b> | <b>–14</b> | <b>–13</b> | <b>–13</b> | <b>–13</b> | <b>–13</b> | <b>–13</b> |
| Decrease or increase (–) in Federal debt held by Federal funds .....              | –5             | –3         | –9         | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      |
| Increase or decrease (–) in Federal debt not subject to limit .....               | –1             | –1         | –*         | –1         | –1         | –1         | –1         | –1         | –*         | –*         | –*         | –*         |
| <b>Total, requirement for Federal funds borrowing subject to debt limit</b> ..... | <b>–24</b>     | <b>4</b>   | <b>–39</b> | <b>–61</b> | <b>–61</b> | <b>–73</b> | <b>–58</b> | <b>–42</b> | <b>–24</b> | <b>4</b>   | <b>27</b>  | <b>73</b>  |
| Increase in excess balances <sup>4</sup> .....                                    | .....          | .....      | .....      | .....      | .....      | .....      | .....      | .....      | 162        | 281        | 381        | 463        |
| Adjustment for change in discount and premium <sup>5</sup> .....                  | –*             | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      | .....      |
| <b>Increase in debt subject to limit</b> .....                                    | <b>24</b>      | <b>–4</b>  | <b>39</b>  | <b>61</b>  | <b>61</b>  | <b>73</b>  | <b>58</b>  | <b>42</b>  | <b>185</b> | <b>277</b> | <b>355</b> | <b>390</b> |
| <b>ADDENDUM</b>   |                |            |            |            |            |            |            |            |            |            |            |            |
| Debt subject to statutory limit <sup>6</sup> .....                                | 5,592          | 5,588      | 5,627      | 5,688      | 5,749      | 5,822      | 5,881      | 5,922      | 6,108      | 6,385      | 6,740      | 7,130      |

\* \$500 million or less

<sup>1</sup>This table includes estimates for Treasury buybacks of outstanding securities only through FY 2001. These estimates assume the Treasury will buy back \$35 billion (face value) of securities in FY 2001. The premium paid on buybacks are based on experience to date and the interest rates in the economic assumptions.

<sup>2</sup>A decrease in the Treasury operating cash balances (which is an asset) would be a means of financing the deficit and therefore has a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing the deficit and would therefore also have a positive sign.

<sup>3</sup>Besides checks outstanding and deposit funds, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on the sale of gold.

<sup>4</sup>The amount of the unified budget surplus that is available to repay debt held by the public is estimated to be more than the amount of debt that is available to be redeemed in 2008 and subsequent years. The difference is assumed to be held as “excess balances”. (“Excess” means in excess of the amounts held for operational and programmatic purposes).

<sup>5</sup>Consists of increase in the amount of unamortized discount (less premium) on public issues of Treasury notes and bonds (other than zero-coupon bonds) and unrealized discount on Government account series securities.

<sup>6</sup>The statutory debt limit is \$5,950 billion.

subject to limit, however, includes not only debt held by the public but also debt held by Government accounts. The change in debt subject to limit is therefore determined both by the factors that determine the total Government deficit or surplus and by the factors that determine the change in debt held by Government accounts. During 2008–11, the change in debt held by the public and the change in debt subject to limit are both affected by the limited amount of debt that is available to be redeemed.

The budget is composed of two groups of funds, Federal funds and trust funds. The Federal funds, in the main, are derived from tax receipts and borrowing and are used for the general purposes of the Government. The trust funds, on the other hand, are financed by taxes or other collections earmarked by law for specified purposes, such as paying social security benefits or making grants to State governments for highway construction.<sup>22</sup>

A Federal funds deficit must generally be financed by borrowing, either by selling securities to the public or by issuing securities to Government accounts that are not within the Federal funds group. Federal funds borrowing consists almost entirely of the Treasury issuing securities that are subject to the statutory debt limit. Trust fund surpluses are almost entirely invested in these securities, and trust funds hold most of the debt held by Government accounts. Very little debt subject to statutory limit is issued for other reasons. Under ordinary circumstances, the change in debt subject to limit is therefore determined primarily by the Federal funds deficit, which is equal to the difference between the total Government surplus and the trust fund surplus. The only major exception, as explained below, is when excess balances are accumulated because of the limited amount of debt available to be redeemed.

Table 12–6 derives the change in debt subject to limit. In 2002 the Federal funds deficit is estimated to be \$25 billion, and other factors increase the requirement to borrow subject to limit by \$14 billion. The largest of these other factors (\$9 billion) is investment in Treasury securities by revolving funds and special funds in the Federal funds group. The next largest factor (\$4 billion) is the net financing disbursements of the direct loan financing accounts. As explained in an earlier section, they are excluded from the budget by law because they do not represent a cost to the Government, but they have to be financed and in most years they are sizable. As a net result of all these

factors, debt subject to limit is estimated to increase by \$39 billion, in contrast to a \$227 billion decrease in debt held by the public.

The change in debt subject to limit during 2008–11 is determined not only by the factors above but also by the availability of publicly held debt that can be redeemed. Because the unified budget surplus is more than the estimate of the debt that can be redeemed, as explained previously, additional amounts of publicly held debt remain outstanding beyond the amounts needed for the Government’s financing. The difference is accumulated as excess balances.<sup>23</sup> The additional amount of publicly held debt is subject to the limit. Therefore, because publicly held debt is higher than it would have been if the unified budget surplus could have been fully used to reduce debt, the debt subject to limit is also higher. This effect is shown in table 12–6 by the line item “increase in excess balances,” which raises the amount of debt subject to statutory limit.

The debt subject to limit increased by a small amount in 2000. It is estimated to decrease by a very small amount in 2001 and then increase by small amounts each year during 2002–07. During 2000, the Federal funds had a surplus, but the surplus was small and was outweighed by the other factors that determine debt subject to limit; during 2002–07, the Federal funds have a deficit. The largest other factor during most of these years is the net financing disbursements of the direct loan financing accounts. As a result, while debt held by the public decreases by \$2,031 billion during 2000–07, debt subject to limit increases by \$355 billion.

During 2008–11 the Federal funds have surpluses in three of the four years. However, due to the accumulation of excess balances (\$1,287 billion during the four years), debt subject to limit increases by a large amount, \$1,208 billion. Debt held by the public decreases by the amount of the redeemable debt, which is \$444 billion over these years.

### Debt Held by Foreign Residents

During most of American history, the Federal debt was held almost entirely by individuals and institutions within the United States. In the late 1960s, as shown in table 12–7, foreign holdings were just over \$10.0 billion, less than 5 percent of the total Federal debt held by the public.

<sup>22</sup>For further discussion of the trust funds and Federal funds groups, see chapter 15, “Trust Funds and Federal Funds.”

<sup>23</sup>As defined previously, the term “excess” means that the balances are in excess of the amounts held for operational and programmatic purposes.

**Table 12-7. FOREIGN HOLDINGS OF FEDERAL DEBT**  
(Dollar amounts in billions)

| Fiscal year       | Debt held by the public |                      |                    | Borrowing from the public |                      | Interest on debt held by the public |                      |                    |
|-------------------|-------------------------|----------------------|--------------------|---------------------------|----------------------|-------------------------------------|----------------------|--------------------|
|                   | Total                   | Foreign <sup>1</sup> | Percentage foreign | Total <sup>2</sup>        | Foreign <sup>1</sup> | Total <sup>3</sup>                  | Foreign <sup>4</sup> | Percentage foreign |
| 1965              | 260.8                   | 12.3                 | 4.7                | 3.9                       | 0.3                  | 9.6                                 | 0.5                  | 4.9                |
| 1966              | 263.7                   | 11.6                 | 4.4                | 2.9                       | -0.7                 | 10.1                                | 0.5                  | 5.1                |
| 1967              | 266.6                   | 11.4                 | 4.3                | 2.9                       | -0.2                 | 11.1                                | 0.6                  | 5.1                |
| 1968              | 289.5                   | 10.7                 | 3.7                | 22.9                      | -0.7                 | 11.9                                | 0.7                  | 5.6                |
| 1969              | 278.1                   | 10.3                 | 3.7                | -11.4                     | -0.4                 | 13.5                                | 0.7                  | 5.3                |
| 1970              | 283.2                   | 14.0                 | 5.0                | 5.1                       | 3.8                  | 15.4                                | 0.8                  | 5.5                |
| 1971              | 303.0                   | 31.8                 | 10.5               | 19.8                      | 17.8                 | 16.2                                | 1.3                  | 7.9                |
| 1972              | 322.4                   | 49.2                 | 15.2               | 19.3                      | 17.3                 | 16.8                                | 2.4                  | 14.2               |
| 1973              | 340.9                   | 59.4                 | 17.4               | 18.5                      | 10.3                 | 18.7                                | 3.2                  | 17.2               |
| 1974              | 343.7                   | 56.8                 | 16.5               | 2.8                       | -2.6                 | 22.7                                | 4.1                  | 17.9               |
| 1975              | 394.7                   | 66.0                 | 16.7               | 51.0                      | 9.2                  | 25.0                                | 4.5                  | 18.1               |
| 1976              | 477.4                   | 69.8                 | 14.6               | 82.7                      | 3.8                  | 29.3                                | 4.4                  | 15.1               |
| TQ                | 495.5                   | 74.6                 | 15.1               | 18.1                      | 4.9                  | 7.8                                 | 1.2                  | 14.9               |
| 1977              | 549.1                   | 95.5                 | 17.4               | 53.6                      | 20.9                 | 33.8                                | 5.1                  | 15.0               |
| 1978              | 607.1                   | 121.0                | 19.9               | 58.0                      | 25.4                 | 40.2                                | 7.9                  | 19.5               |
| 1979 <sup>5</sup> | 640.3                   | 120.3                | 18.8               | 33.2                      | -0.7                 | 49.9                                | 10.7                 | 21.5               |
| 1980              | 711.9                   | 121.7                | 17.1               | 71.6                      | 1.4                  | 62.8                                | 12.0                 | 19.1               |
| 1981              | 789.4                   | 130.7                | 16.6               | 77.5                      | 9.0                  | 81.7                                | 16.4                 | 20.1               |
| 1982              | 924.6                   | 140.6                | 15.2               | 135.2                     | 9.9                  | 101.2                               | 18.7                 | 18.5               |
| 1983              | 1,137.3                 | 160.1                | 14.1               | 212.7                     | 19.5                 | 111.6                               | 19.2                 | 17.2               |
| 1984              | 1,307.0                 | 175.5                | 13.4               | 169.7                     | 15.4                 | 133.5                               | 20.3                 | 15.2               |
| 1985 <sup>5</sup> | 1,507.4                 | 222.9                | 14.8               | 200.3                     | 47.4                 | 152.9                               | 23.0                 | 15.1               |
| 1986              | 1,740.8                 | 265.5                | 15.3               | 233.4                     | 42.7                 | 159.3                               | 24.2                 | 15.2               |
| 1987              | 1,889.9                 | 279.5                | 14.8               | 149.2                     | 14.0                 | 160.4                               | 25.7                 | 16.0               |
| 1988              | 2,051.8                 | 345.9                | 16.9               | 161.9                     | 66.4                 | 172.3                               | 29.9                 | 17.4               |
| 1989              | 2,191.0                 | 394.9                | 18.0               | 139.1                     | 49.0                 | 189.0                               | 37.1                 | 19.6               |
| 1990 <sup>5</sup> | 2,411.8                 | 440.3                | 18.3               | 220.9                     | 45.4                 | 202.4                               | 40.2                 | 19.9               |
| 1991              | 2,689.3                 | 477.3                | 17.7               | 277.5                     | 37.0                 | 214.8                               | 41.3                 | 19.2               |
| 1992              | 3,000.1                 | 535.2                | 17.8               | 310.8                     | 57.9                 | 214.5                               | 39.3                 | 18.3               |
| 1993              | 3,248.8                 | 591.3                | 18.2               | 248.7                     | 56.1                 | 210.2                               | 39.0                 | 18.6               |
| 1994              | 3,433.4                 | 655.8                | 19.1               | 184.7                     | 64.5                 | 210.6                               | 41.9                 | 19.9               |
| 1995 <sup>5</sup> | 3,604.8                 | 800.4                | 22.2               | 171.3                     | 144.6                | 239.2                               | 54.5                 | 22.8               |
| 1996              | 3,734.5                 | 978.1                | 26.2               | 129.7                     | 177.7                | 246.6                               | 63.7                 | 25.8               |
| 1997              | 3,772.8                 | 1,218.2              | 32.3               | 38.3                      | 240.0                | 250.8                               | 84.2                 | 33.6               |
| 1998              | 3,721.6                 | 1,216.9              | 32.7               | -51.2                     | -1.2                 | 250.0                               | 91.3                 | 36.5               |
| 1999 <sup>5</sup> | 3,632.9                 | 1,281.4              | 35.3               | -88.7                     | 64.5                 | 234.9                               | 92.7                 | 39.5               |
| 2000              | 3,410.1                 | 1,225.2              | 35.9               | -222.8                    | -56.2                | 233.1                               | 105.5                | 45.3               |

<sup>1</sup> Estimated by Treasury Department. These estimates exclude agency debt, the holdings of which are believed to be small. The data on foreign holdings are recorded by methods that are not fully comparable with the data on debt held by the public. Projections of foreign holdings are not available.

<sup>2</sup> Borrowing from the public is defined as equal to the change in debt held by the public from the beginning of the year to the end, except to the extent that the amount of debt is changed by reclassification.

<sup>3</sup> Estimated as interest on Treasury debt securities less "interest received by trust funds" (subfunction 901 less subfunction 902 and 903). Does not include the comparatively small amount of interest on agency debt or the offsets for interest on Treasury debt received by other Government accounts (revolving funds and special funds).

<sup>4</sup> Estimates by the Bureau of Economic Analysis, Department of Commerce. These estimates include small amounts of interest from other sources, including the debt of Government-sponsored enterprises, which are not part of the Federal Government.

<sup>5</sup> Benchmark revisions reduced the estimated foreign holdings of the Federal debt as of December 1978; increase the estimated foreign holdings as of December 1984 and December 1989; and reduced the estimated holdings as of December 1994. As a result, the data on foreign holdings in different time periods are not strictly comparable, and the "borrowing" from foreign residents in 1979, 1985, 1989, and 1995 reflects the benchmark revision as well as the net purchase of Federal debt securities. A conceptual revision likewise increased the estimated foreign holdings as of 1999, and the "borrowing" from foreign residents in 1999 reflects this revision as well as the net purchases of Federal debt securities.

Foreign holdings began to grow significantly starting in 1970. This increase has been almost entirely due to decisions by foreign governments, corporations, and individuals, rather than the direct marketing of these securities to foreign residents. At the end of fiscal year 2000 foreign holdings of Treasury debt were \$1,225 billion, which was 36 percent of the total debt held by the public.<sup>24</sup> Foreign central banks owned 48 percent of the Federal debt held by foreign residents; private

investors owned nearly all the rest. All the Federal debt held by foreign residents is denominated in dollars.

Although the amount of Federal debt held by foreign residents grew greatly over this period, the proportion they own, after growing abruptly in the very early 1970s, did not change much again until the mid-1990s. During 1995-97, however, foreign holdings increased on average by around \$200 billion each year, considerably more than total Federal borrowing from the pub-

<sup>24</sup>The amounts of debt reported by the Bureau of Economic Analysis, Department of Commerce, are different, but similar in size, due to a different method of valuing the securities.

lic.<sup>25</sup> As a result, the Federal debt held by individuals and institutions within the United States decreased in absolute amount during those years, and the percentage of Federal debt held by foreign residents grew from 19 percent at the end of 1994 to 32 percent at the end of 1997. The rapid growth of foreign debt holdings ceased in 1998 and turned into a slight decline, one of the rare years with a decrease since 1970. In 1999, the debt held by foreigners increased considerably again, but in 2000 it fell. Total debt held by the public decreased in all three years, and in 1998 and 2000 it decreased at a faster rate than the decline in foreign holdings. As a result, the percentage held by foreigners continued to rise.

Foreign holdings of Federal debt are a little less than one-fifth of the foreign-owned assets in the United States. The foreign purchases of Federal debt securities do not measure the full impact of the capital inflow from abroad on the market for Federal debt securities. The capital inflow supplies additional funds to the credit market generally, and thus affects the market for

Federal debt. For example, the capital inflow includes deposits in U.S. financial intermediaries that themselves buy Federal debt.

### **Federal, Federally Guaranteed, and Other Federally Assisted Borrowing**

The effect of the Government on borrowing in the credit market arises not only from its own borrowing to finance Federal operations but also from its assistance to certain borrowing by the public. The Government guarantees borrowing by private and other non-Federal lenders, which is another term for guaranteed lending. In addition to its guarantees, it has established private corporations called "Government-sponsored enterprises," or GSEs, to provide financial intermediation for specified public purposes; it exempts the interest on most State and local government debt from income tax; and it insures the deposits of banks and thrift institutions, which themselves make loans.

Federal credit programs and other forms of assistance are discussed in chapter 8, "Credit and Insurance." Detailed data are presented in tables at the end of that chapter. Tables 8-11 and 8-12 in chapter 8 summarize GSE borrowing and lending.

<sup>25</sup>Table 12-7 shows foreign holdings increasing by only \$144.6 billion in 1995. However, as explained in footnote 5 to that table, a benchmark revision reduced the estimated holdings as of December 1994 (by \$47.9 billion). Because debt estimates were not revised retroactively, the increase in 1995 was more than the table shows. Before the benchmark revision, the increase was estimated to be \$192.6 billion.



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**BUDGET ENFORCEMENT ACT  
PREVIEW REPORT**

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## 13. PREVIEW REPORT

The Budget Enforcement Act of 1990 (BEA) was enacted as part of the Omnibus Budget Reconciliation Act of 1990. The BEA established, through 1995, annual limits, or “caps,” on discretionary spending, and a pay-as-you-go (PAYGO) requirement that legislation affecting direct spending or receipts not result in a net cost. An across-the-board reduction of non-exempt spending, known as “sequestration,” enforces compliance with these constraints. The BEA has been extended several times, most recently by the Balanced Budget Act of 1997 (BBA), which extended the caps and PAYGO requirements through 2002.

The BEA requires that OMB issue a report on the impact of each piece of legislation that affects spending or receipts. It requires three additional reports throughout the year on the overall status of discretionary and PAYGO legislation. This Preview Report, the first of the three required overall status reports, provides the status of discretionary appropriations and PAYGO legislation based on laws enacted as of the end of the second session of the 106th Congress. In addition, it explains the differences between the OMB and Congressional Budget Office (CBO) estimates of the discretionary caps.

OMB estimates use the economic and technical assumptions underlying the President’s 2002 Budget submission as required by the BEA. The OMB Update Report that will be issued in August and the Final Report that will be issued after the end of the Congressional session must also use these economic and technical assumptions. Estimates in the Update Report and the Final Report will be revised only to reflect laws enacted after the Preview Report.

### The President’s Budget Proposals

#### *Discretionary Caps and PAYGO*

With the arrival of budget surpluses in 1998, Congress and the previous Administration began to skirt the budget enforcement mechanisms. In 2001 alone, appropriations exceeded the discretionary spending levels set in the BEA, requiring a \$95.5 billion increase in the cap for that year to accommodate the increase. In 2001, PAYGO requirements for \$17 billion in spending were also waived.

Beginning in 2002, the Administration proposes to raise and extend the discretionary spending caps through 2005 to maintain their viability as a tool for fiscal discipline. This will allow for the continued reduction of the national debt, and at the same time provide enough growth for discretionary programs to keep pace with inflation over the next five years. The budget also proposes to change the scoring rules for advance appropriations and includes an allowance for a national emergency reserve. These changes will restore dis-

cipline to the budget process by making it more difficult to skirt the discretionary caps. Table 13–1 shows the Administration’s proposals for discretionary spending limits through 2005. The budget also proposes to extend the PAYGO requirement for entitlement spending and tax legislation.

#### *National Emergency Reserve*

The budget includes a national emergency reserve allowance to ensure adequate funding for emergencies in the annual budget and appropriations process to respond to natural disasters. By setting aside a reserve for emergency needs, emergency supplementals should be limited to extremely rare events.

Four programs make up a large part of the Government’s response to natural disasters: the Federal Emergency Management Agency’s disaster relief fund; the Department of Agriculture’s fire fighting program; the Department of the Interior’s fire fighting program; and the Small Business Administration’s disaster loan program. The budget requests appropriations to provide adequate funding for these programs, based on historical funding levels and unobligated balances of appropriations provided in previous years. In addition, the budget includes an emergency reserve allowance (not a specific appropriation request) of budget authority and outlays, for 2002 and each year thereafter, based on the average annual spending over the last five years for extraordinarily large events, such as Hurricane Georges and the Midwest floods. In 2002, the reserve is \$5.6 billion. It grows with inflation thereafter.

To implement this proposal, the Budget Committees are asked to establish a reserve in the budget resolution. The reserve would be allocated to the appropriations committees upon a Presidential request designating the proposed funding as an emergency and the Committees’ determination that the following criteria have been met: funding is for events that are sudden, urgent, unforeseen, and not permanent; and, adequate funding for a normal year has been provided for the applicable program by the Appropriations Committees.

The reserve could be used for programs other than the four listed above if the same criteria are met. If the reserve is not all allocated in a given year, the following year’s emergency reserve would be increased by the unused amount.

#### *Advance Appropriations*

An advance appropriation becomes available one year or more beyond the year for which the appropriations act is passed. From 1993 to 1999, an average of \$2.3 billion in discretionary budget authority was advance appropriated each year. In 1999, advance appropriations funding totaled \$8.9 billion, an increase of \$5.8

**Table 13-1. PROPOSED SPENDING LIMITS BY CATEGORY**

(In billions of dollars)

|  | 2001 <sup>1</sup> | 2002  | 2003  | 2004  | 2005  | 2006  |
|--|-------------------|-------|-------|-------|-------|-------|
| Original Balanced Budget Act Limits    |                   |       |       |       |       |       |
| BA .....                               | 542.0             | 552.8 | 1.9   | 2.1   | 2.2   | 2.4   |
| OL .....                               | 595.8             | 594.7 | 35.9  | 2.0   | 2.2   | 2.4   |
| Spending in Excess of Original Caps    |                   |       |       |       |       |       |
| BA .....                               | 92.9              | 107.8 |       |       |       |       |
| OL .....                               | 53.6              | 97.0  |       |       |       |       |
| Proposed Discretionary Spending Limits |                   |       |       |       |       |       |
| BA .....                               | 634.9             | 660.6 | 685.1 | 702.7 | 720.1 | 737.9 |
| OL .....                               | 649.4             | 691.7 | 711.8 | 731.2 | 754.5 | 770.4 |

<sup>1</sup> Data for 2001 is a current estimate and is not a proposed discretionary spending limit.

billion from the previous year. In 2000, advance appropriations increased by \$14.6 billion to over \$23.4 billion. Increases in advance appropriations from the previous year included the following: Department of Education (\$6.2 billion); Department of Housing and Urban Development (\$4.2 billion); Department of Labor (\$2.5 billion); and Department of Health and Human Services (\$1.4 billion).

Too often in recent years advance appropriations have been used to hide true funding levels by crediting certain appropriations to other years. This budget practice distorts the debate over Government spending and misleads the public about spending levels in specific accounts.

The 2001 Congressional Budget Resolution attempted to address this misuse of advance funding by including a cap on advance appropriations equal to the amount advanced in the previous year. In order to expand discretionary spending in 2001, certain advance appropriations were reduced and other advances were increased. This did not change the total amount that was advance funded, but did allow for growth in 2001.

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations. However, this proposal would not affect advance appropriations enacted for programmatic reasons. The budget proposes reforms where such appropriations were made in 2001 for 2002.

### Discretionary Sequestration Report

Discretionary programs are funded annually through the appropriations process. The scorekeeping guidelines accompanying the BEA identify accounts with discretionary resources. The BEA limits, or caps, budget authority and outlays available for discretionary programs each year through 2002. For 2000, the BEA divided discretionary spending into two categories: violent crime reduction spending and all other discretionary

spending. For 2001 and 2002, the BEA specified a single category for all discretionary spending. The Transportation Equity Act for the 21st Century (TEA-21) (P.L. 105-178) established two additional categories for highway and mass transit outlays for 1999 through 2003. The Interior and Related Agencies Appropriations Act, 2001, (P.L. 106-291) added a new category for conservation spending with limits on budget authority and outlays for 2002-2006. In addition to specifying overall limits for the conservation category, the Act also specifies levels of spending for six subcategories

OMB monitors compliance with the discretionary spending limits throughout the fiscal year. Appropriations that cause a breach in the budget authority or outlay limits trigger a sequester to eliminate that breach. The law does not require that Congress appropriate the full amount available under the discretionary limits, although it generally has appropriated at least the full amount. In recent years various means, such as emergency designations and advance appropriations, have been used to skirt the discretionary limits.

Table 13-2 summarizes changes to the caps since 1990, and includes the new limits established for 2002-2006 by P.L. 106-291.

**Adjustments to discretionary limits.**—The BEA permits certain adjustments to the discretionary limits. On January 16, 2001, OMB submitted the Final Sequestration Report for 2001 required by the BEA. This report describes adjustments permitted by the BEA as of the time the report was issued. The limits resulting from these adjustments are the starting points for this Preview Report. Included in the Preview Report are adjustments for changes in concepts and definitions, estimates of emergency spending released subsequent to the Final Sequestration Report, and adjustments to the highway and mass transit categories. Table 13-2 summarizes changes to the caps since 1990. Table 13-3 shows the adjustments made in this Preview Report.

Table 13-2. HISTORICAL SUMMARY OF CHANGES TO DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

|  |    | 1991  | 1992  | 1993  | 1994  | 1995  | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  |
|--|----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>TOTAL DISCRETIONARY</b>   |    |       |       |       |       |       |       |       |       |       |       |       |       |
| <b>Statutory Caps as set in OBRA 1990, OBRA 1993, and 1997 Bipartisan Budget Agreement</b> .....                           | BA | 491.7 | 503.4 | 511.5 | 510.8 | 517.7 | 519.1 | 528.1 | 530.6 | 533.0 | 537.2 | 542.0 | 551.1 |
|  | OL | 514.4 | 524.9 | 534.0 | 534.8 | 540.8 | 547.3 | 547.3 | 547.9 | 559.3 | 564.3 | 564.4 | 560.8 |
| Adjustment to 1998 OBRA limits to reach discretionary spending limits included in the 1997 Bipartisan Budget Agreement ... | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -6.9  | ..... | ..... | ..... | ..... |
|  | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 6.8   | ..... | ..... | ..... | ..... |
| Adjustments for changes in concepts and definitions.   | BA | ..... | 7.7   | 8.2   | 8.2   | 8.8   | -0.6  | -0.4  | 3.1   | -0.2  | 2.8   | -0.1  | -3.3  |
|  | OL | ..... | 1.0   | 2.4   | 2.3   | 3.0   | -0.5  | -2.6  | -2.8  | -0.3  | 0.1   | -0.1  | -3.3  |
| Adjustments for changes in inflation .....   | BA | ..... | -0.5  | -5.1  | -9.5  | -11.8 | 3.0   | 2.6   | 0.0   | ..... | ..... | ..... | ..... |
|  | OL | ..... | -0.3  | -2.5  | -5.8  | -8.8  | 1.8   | 2.3   | 0.9   | ..... | ..... | ..... | ..... |
| Adjustments for credit reestimates, IRS funding, debt forgiveness, Arrearages, EITC, IMF, and CDRs .....                   | BA | 0.2   | 0.2   | 13.0  | 0.6   | 0.7   | 0.1   | 0.2   | 1.0   | 19.4  | 1.0   | 0.6   | ..... |
|  | OL | 0.3   | 0.3   | 0.8   | 0.8   | 0.9   | 0.1   | 0.3   | 0.6   | 1.1   | 0.7   | 1.2   | 0.2   |
| Adjustments for emergency requirements ....  | BA | 0.9   | 8.3   | 4.6   | 12.2  | 7.7   | 5.1   | 9.3   | 5.7   | 31.9  | 43.6  | 0.0   | 0.0   |
|  | OL | 1.1   | 1.8   | 5.4   | 9.0   | 10.1  | 6.4   | 8.1   | 7.0   | 22.9  | 35.8  | 19.8  | 6.0   |
| Adjustment pursuant to Sec. 2003 of P.L. 104-19 <sup>1</sup> .....   | BA | ..... | ..... | ..... | ..... | -15.0 | -0.1  | -0.1  | ..... | ..... | ..... | ..... | ..... |
|  | OL | ..... | ..... | ..... | ..... | -1.1  | -3.5  | -2.4  | -1.5  | ..... | ..... | ..... | ..... |
| Adjustments for special allowances:  |    |       |       |       |       |       |       |       |       |       |       |       |       |
| Discretionary new budget authority .....   | BA | ..... | 3.5   | 2.9   | 2.9   | 2.9   | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
|  | OL | ..... | 1.4   | 2.2   | 2.6   | 2.7   | 1.1   | 0.5   | 0.1   | ..... | ..... | ..... | ..... |
| Outlay allowance .....   | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
|  | OL | 2.6   | 1.7   | 0.5   | 1.0   | ..... | ..... | ..... | 1.2   | ..... | 0.8   | ..... | ..... |
| Subtotal, adjustments excluding Desert Shield/Desert Storm .....   | BA | 1.1   | 19.3  | 23.6  | 14.3  | -6.7  | 7.5   | 11.6  | 2.9   | 51.1  | 47.4  | 0.5   | -3.3  |
|  | OL | 3.9   | 5.9   | 8.8   | 10.0  | 6.8   | 5.4   | 6.3   | 12.3  | 23.7  | 37.3  | 20.9  | 3.0   |
| Adjustments for Operation Desert Shield/Desert Storm .....   | BA | 44.2  | 14.0  | 0.6   | *     | *     | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
|  | OL | 33.3  | 14.9  | 7.6   | 2.8   | 1.1   | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Rounding Adjustment .....  | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.1   | 3.2   | ..... |
|  | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| TEA-21 Adjustment (Net) <sup>2</sup> .....   | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -0.9  | -0.9  | -0.9  | -0.9  |
|  | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.1   | 2.6   | 5.2   | 7.1   |
| Adjustment to reach spending limits mandated in P.L. 106-429 <sup>3</sup> .....  | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 95.9  | ..... |
|  | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 58.6  | ..... |
| Adjustment for conservation limits established by P.L. 106-291 <sup>4</sup> .....  | BA | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.8   |
|  | OL | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1.2   |
| Total adjustments .....  | BA | 45.3  | 33.2  | 24.2  | 14.3  | -6.7  | 7.5   | 11.6  | 2.9   | 50.2  | 47.6  | 98.8  | -2.4  |
|  | OL | 37.2  | 20.8  | 16.4  | 12.8  | 7.9   | 5.4   | 6.3   | 12.3  | 24.9  | 40.0  | 84.7  | 11.3  |
| <b>Preview Report spending limits<sup>5</sup></b> .....  | BA | 537.0 | 536.6 | 535.7 | 525.1 | 511.0 | 526.6 | 539.7 | 533.5 | 583.2 | 584.8 | 640.8 | 548.7 |
|  | OL | 551.6 | 545.7 | 550.4 | 547.6 | 548.7 | 552.7 | 553.6 | 560.2 | 584.2 | 604.2 | 649.1 | 572.1 |

\* \$50 million or less.

<sup>1</sup> P.L. 104-19, Emergency Supplemental Appropriations for Additional Disaster Assistance, for Anti-Terrorism Initiatives, for Assistance in the Recovery from the Tragedy that Occurred at Oklahoma City, and Rescissions Act, 1995, was signed into law on July 27, 1995. Section 2003 of that bill directed the Director of OMB to make a downward adjustment in the discretionary spending limits for 1995-1998 equal to the aggregate amount of reductions in new budget authority and outlays for discretionary programs resulting from the provisions of the bill, other than emergency appropriations.

<sup>2</sup> Sec. 8101(a) of P.L. 105-178, the Transportation Equity Act for the 21st Century (TEA-21), which was signed by the President on June 6, 1998, established two new discretionary spending categories: Highway and Mass Transit. Sec. 8101(b) of TEA-21 provided for an offsetting adjustment in the existing discretionary spending limits.

<sup>3</sup> Sec. 701 of P.L. 106-429, the Foreign Operations and Related Agencies Appropriations Act, FY 2001, included revised budget authority and outlay caps for FY 2001. In addition, this section provided for a budget authority rounding adjustment of 0.5 percent, and also prohibited OMB from making adjustments in the Final Sequestration Report for emergency requirements.

<sup>4</sup> Title VIII of P.L. 106-291, the Interior and Related Agencies Appropriations Act, FY 2001, created a new conservation category with limits on budget authority and outlays for FY 2002-FY 2006.

<sup>5</sup> Reflects combined Defense Discretionary, Non-Defense Discretionary, Violent Crime Reduction, Highway Category, Mass Transit Category, and Conservation Category spending limits.

**Table 13-3. DISCRETIONARY SPENDING LIMITS**  
(In millions of dollars)

|  |    | 2000   | 2001   | 2002   |
|--|----|--------|--------|--------|
| <b>VIOLENT CRIME REDUCTION SPENDING</b>                                  |    |        |        |        |
| Final Sequestration Report Violent Crime Reduction Spending Limits ..... | BA | 4,500  |        |        |
|  | OL | 6,344  |        |        |
| <b>Adjustments for the Preview Report:</b>                               |    |        |        |        |
| No Adjustments .....   | BA |        |        |        |
|  | OL |        |        |        |
| Preview Report Spending Limits .....                                     | BA | 4,500  |        |        |
|  | OL | 6,344  |        |        |
| <b>HIGHWAY CATEGORY</b>  |    |        |        |        |
| Final Sequestration Report Highway Category Spending Limits .....        | BA |        |        |        |
|  | OL | 24,574 | 26,920 | 27,925 |
| <b>Adjustments for the Preview Report:</b>                               |    |        |        |        |
| Technical outlay adjustment .....  | BA |        |        |        |
|  | OL |        |        | -663   |
| Adjustment for revenue aligned budget authority .....                    | BA |        |        |        |
|  | OL |        |        | 1,227  |
| <b>Subtotal, Adjustments for the Preview Report</b> .....                | BA |        |        |        |
|  | OL |        |        | 564    |
| Preview Report Highway Category Spending Limits .....                    | BA |        |        |        |
|  | OL | 24,574 | 26,920 | 28,489 |
| <b>MASS TRANSIT CATEGORY</b>   |    |        |        |        |
| Final Sequestration Report Mass Transit Category Spending Limits .....   | BA |        |        |        |
|  | OL | 4,117  | 4,639  | 5,419  |
| <b>Adjustments for the Preview Report:</b>                               |    |        |        |        |
| Technical outlay adjustment .....  | BA |        |        |        |
|  | OL |        |        | -144   |
| <b>Subtotal, Adjustments for the Preview Report</b> .....                | BA |        |        |        |
|  | OL |        |        | -144   |
| Preview Report Mass Transit Category Spending Limits .....               | BA |        |        |        |
|  | OL | 4,117  | 4,639  | 5,275  |
| <b>CONSERVATION CATEGORY</b>   |    |        |        |        |
| Final Sequestration Report Conservation Category Spending Limits .....   | BA |        |        | 1,760  |
|  | OL |        |        | 1,232  |
| Federal and State Land and Water Conservation Fund subcategory .....     | BA |        |        | 540    |
|  | OL |        |        |        |
| State and Other Conservation subcategory .....                           | BA |        |        | 300    |
|  | OL |        |        |        |
| Urban and Historic Preservation subcategory .....                        | BA |        |        | 160    |
|  | OL |        |        |        |
| Payments in Lieu of Taxes subcategory .....                              | BA |        |        | 50     |
|  | OL |        |        |        |
| Federal Deferred Maintenance subcategory .....                           | BA |        |        | 150    |
|  | OL |        |        |        |
| Coastal Assistance subcategory .....                                     | BA |        |        | 440    |
|  | OL |        |        |        |
| Unallocated .....  | BA |        |        | 120    |
|  | OL |        |        |        |
| <b>Adjustments for the Preview Report:</b>                               |    |        |        |        |
| No Adjustments .....   | BA |        |        |        |
|  | OL |        |        |        |
| Preview Report Conservation Category Spending Limits .....               | BA |        |        | 1,760  |
|  | OL |        |        | 1,232  |

Table 13-3. DISCRETIONARY SPENDING LIMITS—Continued

(In millions of dollars)

|  |           | 2000           | 2001           | 2002           |
|--|-----------|----------------|----------------|----------------|
| <b>OTHER DISCRETIONARY SPENDING</b>                                  |           |                |                |                |
| Final Sequestration Report Other Discretionary Spending Limits ..... | BA        | 580,289        | 640,803        | 550,333        |
|  | OL        | 569,224        | 613,247        | 539,513        |
| <b>Adjustments for the Preview Report:</b>                           |           |                |                |                |
| Changes in concepts and definitions .....                            | BA        |                |                | -2,359         |
|  | OL        |                | 275            | -2,064         |
| Discretionary changes in mandatory accounts .....                    | BA        |                |                | -1,029         |
|  | OL        |                |                | -889           |
| Release of contingent emergency appropriations .....                 | BA        |                |                |                |
|  | OL        |                | 3,985          | 531            |
| <b>Subtotal, Adjustments for the Preview Report .....</b>            | <b>BA</b> |                |                | <b>-3,388</b>  |
|  | <b>OL</b> |                | <b>4,260</b>   | <b>-2,422</b>  |
| <b>Preview Report Other Discretionary Spending Limits .....</b>      | <b>BA</b> | <b>580,289</b> | <b>640,803</b> | <b>546,945</b> |
|  | <b>OL</b> | <b>569,224</b> | <b>617,507</b> | <b>537,091</b> |
| <b>TOTAL DISCRETIONARY SPENDING</b>                                  |           |                |                |                |
| Final Sequestration Report Total Discretionary Spending Limits ..... | BA        | 584,789        | 640,803        | 552,093        |
|  | OL        | 604,259        | 644,806        | 574,089        |
| Adjustments for the Preview Report .....                             | BA        |                |                | -3,388         |
|  | OL        |                | 4,260          | -2,002         |
| Preview Report Total Discretionary Spending Limits .....             | BA        | 584,789        | 640,803        | 548,705        |
|  | OL        | 604,259        | 649,066        | 572,087        |

After consultation with the Congressional Budget Committees and CBO, OMB has agreed to several changes to budget classification of spending. First, OMB and CBO have agreed to reclassify the negative subsidy receipts generated by the Federal Housing Administration's mutual mortgage insurance program and pipeline safety fees collected by the Department of Transportation as discretionary. In addition, the administrative expenses of the national flood insurance program and the flood mitigation fund within the Federal Emergency Management Agency have also been reclassified as discretionary. In addition, certain benefit payments to severely disabled military personnel have been reclassified as mandatory.

These reclassifications increase the outlay limits in 2001 by \$0.3 billion and decrease the budget authority limits by \$2.4 billion and the outlay limits by \$2.1 billion in 2002. In addition, OMB has changed its scoring of outlays for contingent emergency appropriations, to be consistent with Congressional scoring practices. OMB used to score outlays from contingent emergency appropriations when the President designated them as "emergency requirements." OMB now scores emergency budget authority and outlays against appropriations acts that include contingent emergency funds. Since the actual outlays flowing from the use of contingent emergency funding is dependent upon a Presidential request, OMB will review the original estimates each year and may make subsequent adjustments based on the most up-to-date information.

Table 13-3 includes a downward adjustment of \$1.0 billion in budget authority and \$0.9 billion in outlays in 2002, for the second year effect of provisions in the 2001 appropriations bills that modified mandatory programs. Under the BEA, the discretionary limits are adjusted by the amount of the savings or costs of these modifications.

The caps have also been adjusted upward for contingent emergency appropriations (i.e., funding for amounts that the President designates as "emergency requirements" and that Congress so designates in law) that have been released since the transmittal of the Final Sequestration Report. This adjustment totals \$4.0 billion in outlays in 2001 and \$0.5 billion in outlays in 2002. Funds designated as an emergency requirement include crop loss payments and costs associated with an above average fire season in the southwestern United States.

TEA-21 requires two adjustments to the discretionary limits based upon changes in outlays within the highway and transit categories. Outlays within the highway category have been adjusted upward by \$1.2 billion in 2002 because of higher-than-anticipated receipts in 2000 and in 2002. This increase is partly offset by a downward adjustment of \$0.7 billion as a result of changes in technical assumptions. The mass transit category outlays have been adjusted downward due to revised technical assumptions. Table 13-4 shows how the adjustments to the highway and transit categories have been calculated.

**Table 13-4. ADJUSTMENTS TO THE HIGHWAY AND MASS TRANSIT CATEGORIES FOR CHANGES IN RECEIPTS AND TECHNICAL ASSUMPTIONS**

(In millions of dollars)

|   | 2001          | 2002          | 2003          |
|---|---------------|---------------|---------------|
| <b>HIGHWAY CATEGORY</b>   |               |               |               |
| <b>Obligation Limitation Assumed in FY 2001 Preview Report</b> .....  | <b>30,216</b> | <b>27,767</b> | <b>28,233</b> |
| Adjustments:  |               |               |               |
| Difference Between Current and Previous Estimate of FY 2002 Highway Tax Receipts .....  |               | 2,760         |               |
| Difference Between FY 2000 Actual and Estimated Highway Tax Receipts .....  |               | 1,783         |               |
| Subtotal, Obligation Limitation Adjustment .....  |               | 4,543         |               |
| <b>FY 2002 Preview Report Obligation Limitation</b> .....   | <b>30,216</b> | <b>32,310</b> | <b>28,233</b> |
| <b>Outlay Limits in FY 2001 Preview Report</b> .....  | <b>26,920</b> | <b>27,925</b> | <b>27,621</b> |
| Adjustments:  |               |               |               |
| Increase in FY 2002 Obligation Limitation .....   |               | 1,227         | 1,863         |
| Changes in Technical Assumptions:   |               |               |               |
| Reestimate of Outlays from Obligation Limitation level, Adjusted to Include Outlays from change in Obligation Limitation .....  |               | 28,489        | 29,100        |
| Reestimate of Outlays from Obligation Limitation level, Adjusted to Includes Outlays from change in Obligation Limitation ..... |               | 29,152        | 29,484        |
| Adjustment for Changes in Technical Assumptions .....   |               | -663          | -384          |
| Total Adjustments .....   |               | 564           | 1,479         |
| <b>Outlay Limits in FY 2002 Preview Report</b> .....  | <b>26,920</b> | <b>28,489</b> | <b>29,100</b> |
| <b>MASS TRANSIT CATEGORY</b>  |               |               |               |
| <b>Outlay Limits in FY 2001 Preview Report</b> .....  | <b>4,639</b>  | <b>5,419</b>  | <b>5,910</b>  |
| Adjustment:   |               |               |               |
| Changes in Technical Assumptions:   |               |               |               |
| Reestimate of Outlays from Obligation Limitation Using Current Technical Assumptions .....                                      |               | 5,275         | 5,531         |
| FY 2001 Preview Report Outlays .....  |               | 5,419         | 5,910         |
| Adjustment for Changes in Technical Assumptions .....   |               | -144          | -379          |
| <b>Outlay Limits in FY 2002 Preview Report</b> .....  | <b>4,639</b>  | <b>5,275</b>  | <b>5,531</b>  |

The Administration has included several proposals in the budget that would result in cap adjustments upon their enactment. These adjustments are assumed in the proposed limits in Table 13-1 and are described below.

*Adjustments Included in Proposed Limits That Would be Made Under Existing Authority:*

- *Continuing Disability Reviews.*—Funding for additional continuing disability reviews (CDRs) under the heading, “Limitation on Administrative Expenses,” for the Social Security Administration. The law limits adjustments to the budget authority and outlay estimates authorized in the BBA. CDRs are conducted to verify that recipients of Social Security disability insurance benefits and Supplemental Security Income benefits for persons with disabilities are still disabled. The budget includes a request of \$433 million for CDRs in 2002.
- *Earned Income Tax Credit (EITC) Compliance Initiative.*—Funding for EITC compliance initiatives, including the detection and enforcement of EITC eligibility rules in order to reduce EITC overclaims. Adjustments are limited to the budget au-

thority and outlay estimates authorized in the BBA. The budget includes a request of \$146 million for EITC compliance in 2002.

- *Adoption Incentive Payments.*—The Adoption and Safe Families Act of 1997 authorizes bonus payments to States that increase the number of adoptions from the foster care system. The Act provides for a discretionary cap adjustment for appropriations up to \$20 million annually for 1999 through 2003. It is assumed that the cost of adoption bonuses will be offset by reductions in mandatory foster care costs. The budget includes a request of \$20 million for adoption incentive payments in 2002.

**Comparison of OMB and CBO discretionary limits.**—Section 254(d)(5) of the BEA requires this report to explain the differences between OMB and CBO estimates for discretionary spending limits. Table 13-5 compares OMB and CBO limits for 2000–2002. CBO uses the discretionary limits from OMB’s sequestration update report as a starting point for adjustments in its end-of-session sequestration report.

**Table 13–5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS**  
(In millions of dollars)

|                                | 2000    | 2001    | 2002    |
|--------------------------------|---------|---------|---------|
| <b>Violent Crime Reduction</b> |         |         |         |
| CBO Preview Report limits:     |         |         |         |
| BA .....                       | 4,500   | .....   | .....   |
| OL .....                       | 6,344   | .....   | .....   |
| OMB Preview Report limits:     |         |         |         |
| BA .....                       | 4,500   | .....   | .....   |
| OL .....                       | 6,344   | .....   | .....   |
| Difference:                    |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | .....   | .....   | .....   |
| <b>Highway Category</b>        |         |         |         |
| CBO Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | 24,574  | 26,920  | 28,889  |
| OMB Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | 24,574  | 26,920  | 28,489  |
| Difference:                    |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | .....   | .....   | -400    |
| <b>Mass Transit Category</b>   |         |         |         |
| CBO Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | 4,117   | 4,639   | 5,490   |
| OMB Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | 4,117   | 4,639   | 5,275   |
| Difference:                    |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | .....   | .....   | -215    |
| <b>Conservation Category</b>   |         |         |         |
| CBO Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | 1,760   |
| OL .....                       | .....   | .....   | 1,232   |
| OMB Preview Report limits:     |         |         |         |
| BA .....                       | .....   | .....   | 1,760   |
| OL .....                       | .....   | .....   | 1,232   |
| Difference:                    |         |         |         |
| BA .....                       | .....   | .....   | .....   |
| OL .....                       | .....   | .....   | .....   |
| <b>Other Discretionary</b>     |         |         |         |
| CBO Preview Report limits:     |         |         |         |
| BA .....                       | 580,289 | 640,803 | 550,035 |
| OL .....                       | 569,224 | 613,883 | 540,353 |
| OMB Preview Report limits:     |         |         |         |
| BA .....                       | 580,289 | 640,803 | 546,945 |
| OL .....                       | 569,224 | 617,507 | 537,091 |
| Difference:                    |         |         |         |
| BA .....                       | .....   | .....   | -3,090  |
| OL .....                       | .....   | 3,624   | -3,262  |

**Table 13-5. COMPARISON OF OMB AND CBO DISCRETIONARY SPENDING LIMITS—  
Continued**

(In millions of dollars)

|  | 2000    | 2001    | 2002    |
|--|---------|---------|---------|
| <b>Total Discretionary Spending Limits</b> |         |         |         |
| CBO Preview Report limits:                 |         |         |         |
| BA .....                                   | 584,789 | 640,803 | 551,795 |
| OL .....                                   | 604,259 | 645,442 | 575,964 |
| OMB Preview Report limits:                 |         |         |         |
| BA .....                                   | 584,789 | 640,803 | 548,705 |
| OL .....                                   | 604,259 | 649,066 | 572,087 |
| Difference:                                |         |         |         |
| BA .....                                   |         |         | -3,090  |
| OL .....                                   |         | 3,624   | -3,877  |

The outlay difference of \$3.6 billion in 2001 is due primarily to the release of contingent emergency spending. CBO estimated \$0.6 billion in outlays associated with the release of over \$4.8 billion in contingent emergency funds provided in 2001 appropriations bills. OMB assumed outlays of \$4.0 billion. In addition, OMB also made an adjustment of \$0.3 billion to reflect the new scoring treatment of unreleased contingent emergency appropriations.

For 2002, the \$3.1 billion difference in budget authority is made up of several components, the largest of which is changes in concepts and definitions agreed to by the scorekeepers. The final decisions on reclassifications were made after CBO issued its report. As a result, the CBO Preview Report caps do not include the reclassifications of FHA negative subsidy, pipeline safety fees, flood insurance administrative expenses, and certain disability benefits for military personnel. OMB and CBO also have slightly different estimates of the second-year effect of discretionary changes to mandatory accounts, and of releases of emergency spending.

The \$3.9 billion difference in outlays is due primarily to the timing issue listed above, but also includes small differences in technical adjustments made to the highway and mass transit categories.

### **PAYGO Sequestration Report**

This section of the Preview Report discusses the enforcement procedures that apply to direct spending and receipts. The BEA defines direct spending as entitlement authority, the food stamp program, and budget authority provided by law other than in appropriations acts. The following are exempt from PAYGO enforcement: Social Security, the Postal Service, legislation specifically designated as an emergency requirement, and legislation fully funding the Federal Government's commitment to protect insured deposits.

The BEA requires a sequestration to offset any net cost resulting from legislation enacted before October 1, 2002, that affects direct spending or receipts.

**Sequester determinations.**—The BEA requires OMB to submit a report to Congress estimating the change in outlays or receipts for the current year, the

budget year, and the following four fiscal years resulting from enactment of PAYGO legislation. The estimates, which must rely on the economic and technical assumptions underlying the most recent President's budget, determine whether the PAYGO requirement is met. The PAYGO process requires OMB to maintain a "scorecard" that shows the cumulative net cost impact of such legislation. This Report shows how these past actions affect the upcoming fiscal year.

In recent years, the PAYGO constraints have been skirted. In enacting the 2000 budget, Congress and the previous Administration removed net costs totaling \$12.7 billion over five years from the PAYGO scorecard. Last year, agricultural direct spending totaling \$7.2 billion over five years was waived from the PAYGO requirement. In total, net costs of \$10.5 billion were removed last year from the PAYGO scorecard for 2001.

Table 13-6 shows OMB estimates for legislation enacted through December 31, 2000. The balances reflect the removal of \$10.5 billion net costs for 2001 in last year's Final Sequester Report as required by the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 2001. For legislation enacted this year, the 2001 impact will be added to the balance for 2002 in the Final Sequester Report that OMB is to issue after the 1st session of the 107th Congress adjourns *sine die*. The current PAYGO scorecard shows net costs of \$16.1 billion for 2002 and a total of \$74.5 billion for 2002 through 2005.

The President's budget sets aside the Social Security surplus and additional on-budget surpluses for debt reduction and contingencies. These levels ensure the President's tax plan and his Immediate Helping Hand and Medicare modernization proposals are fully financed by the surplus. The Administration will work with Congress to ensure that any unintended sequester of spending does not occur under current law or from the enactment of any other proposals that meet the President's objectives to reduce the debt, fund priority initiatives, and grant tax relief to all income tax paying Americans.

**Table 13-6. PAY-AS-YOU-GO SCORECARD**

(In millions of dollars)

|  | 2001  | 2002   | 2003   | 2004   | 2005   | Total<br>2002-2005 |
|--|-------|--------|--------|--------|--------|--------------------|
| <b>Pay-as-you-go scorecard:</b>                    |       |        |        |        |        |                    |
| Revenue impact of enacted legislation .....        | ..... | -3,863 | -3,920 | -3,596 | -3,820 | -15,199            |
| Outlay impact of enacted legislation .....         | ..... | 12,190 | 14,545 | 15,740 | 16,853 | 59,328             |
| Total, net cost impact of enacted legislation .... | ..... | 16,053 | 18,465 | 19,336 | 20,673 | 74,527             |



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## CURRENT SERVICES ESTIMATES

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## 14. CURRENT SERVICES ESTIMATES

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

The current services baseline can be useful for several reasons: It warns of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs. It provides a starting point for formulating the annual budget. It is a “policy-neutral” benchmark against which the President’s budget and other budget proposals can be compared to see the magnitude of the proposed changes. Under the Budget Enforcement Act (BEA), it is the basis for determining the amount that would be sequestered from each mandatory account. The following table shows current services estimates of receipts, outlays, and sur-

pluses for 2000 through 2006. They are based on the economic assumptions described later in this chapter. The estimates are shown on a unified budget basis. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified budget totals. The table also shows the current services estimates by major component.

### Conceptual Basis for Estimates

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

*Direct spending and receipts.*—Direct spending includes the major entitlement programs, such as social security, medicare, medicaid, Federal employee retirement, unemployment compensation, food stamps and other means-tested entitlements. It also includes such programs as deposit insurance and farm price and income supports, where the Government is legally obli-

**Table 14-1. BASELINE CATEGORY TOTALS**

(In billions of dollars)

|                               | 2000<br>Actual | Estimate |         |         |         |         |         |
|-------------------------------|----------------|----------|---------|---------|---------|---------|---------|
|                               |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Receipts .....                | 2,025.2        | 2,137.1  | 2,221.0 | 2,324.3 | 2,437.7 | 2,569.4 | 2,697.7 |
| Outlays:                      |                |          |         |         |         |         |         |
| Discretionary:                |                |          |         |         |         |         |         |
| Defense .....                 | 295.0          | 299.6    | 311.8   | 319.2   | 330.2   | 340.9   | 350.9   |
| Nondefense .....              | 319.9          | 349.2    | 372.4   | 387.5   | 395.5   | 405.1   | 415.6   |
| Subtotal, discretionary ..... | 614.8          | 648.8    | 684.2   | 706.7   | 725.7   | 746.0   | 766.5   |
| Mandatory:                    |                |          |         |         |         |         |         |
| Social Security .....         | 406.0          | 430.0    | 451.6   | 473.5   | 498.0   | 524.3   | 553.0   |
| Medicare .....                | 194.1          | 216.0    | 226.4   | 238.6   | 252.2   | 270.8   | 279.4   |
| Medicaid .....                | 117.9          | 128.9    | 143.0   | 153.8   | 167.4   | 182.4   | 198.3   |
| Other mandatory .....         | 232.7          | 223.1    | 246.4   | 248.5   | 258.0   | 281.4   | 286.7   |
| Subtotal, mandatory .....     | 950.8          | 998.0    | 1,067.5 | 1,114.4 | 1,175.6 | 1,258.9 | 1,317.3 |
| Net interest:                 |                |          |         |         |         |         |         |
| Interest earnings .....       |                |          |         |         |         | -3.3    | -14.1   |
| Other .....                   | 223.2          | 206.3    | 186.5   | 169.5   | 149.5   | 128.3   | 112.6   |
| Subtotal, net interest .....  | 223.2          | 206.3    | 186.5   | 169.5   | 149.5   | 125.0   | 98.5    |
| Total outlays .....           | 1,788.8        | 1,853.1  | 1,938.1 | 1,990.6 | 2,050.8 | 2,130.0 | 2,182.3 |
| Unified surplus .....         | 236.4          | 284.1    | 282.9   | 333.8   | 387.0   | 439.4   | 515.3   |
| On-budget surplus .....       | 86.6           | 127.9    | 111.0   | 140.2   | 175.9   | 202.1   | 262.1   |
| Off-budget surplus .....      | 149.8          | 156.1    | 171.9   | 193.6   | 211.0   | 237.3   | 253.3   |

Note: Baseline assumes earnings on cash balances, which represent the return on investing excess Treasury cash in the private sector. The size of the balances that would be invested would vastly overwhelm existing institutional arrangements for investing Treasury operating balances, raising both operational and policy issues.

gated to make payments under certain conditions. Receipts and direct spending are alike in that they involve ongoing activities that generally operate under permanent authority (they do not require annual authorization), and the underlying statutes generally specify the tax rates or benefit levels that must be collected or paid, and who must pay or who is eligible to receive benefits. The current services baseline assumes that receipts and direct spending programs continue in the future as specified by current law. In most cases, that is what will occur without enactment of new legislation.

Provisions of law providing spending authority and the authority to collect taxes or other receipts that expire under current law are usually assumed to expire as scheduled in the current services baseline. However, the current services baseline assumes extension of two types of authority that, in fact, normally are extended in some form by Congress. First, expiring provisions affecting excise taxes dedicated to a trust fund are assumed to be extended at current rates. During the projection period of 2001 through 2006, taxes deposited in the Leaking Underground Storage Tank trust fund, which are scheduled to expire on March 31, 2005, and taxes deposited in the Aquatic Resources and the Highway trust funds, which expire on September 30, 2005, are the only taxes affected by this exception. Second, direct spending programs that will expire under current law are assumed to be extended if their 2001 outlays exceed \$50 million. However, programs enacted after the enactment of the Balanced Budget Act of 1997 that are explicitly temporary in nature can expire in the baseline even if their current year outlays exceed \$50 million. The budgetary impact of anticipated regula-

tions and administrative actions that are permissible under current law are also reflected in the estimates.

*Discretionary spending.*—Discretionary programs differ in one important aspect from direct spending programs—Congress usually provides spending authority for discretionary programs one year at a time. The spending authority is normally provided in the form of annual appropriations. Absent appropriations of additional funds in the future, discretionary programs would cease to exist after existing balances were spent. For this reason, the definition of current services for discretionary programs is somewhat arbitrary. The definition used here is that, for 2001, the current services estimates for discretionary programs are equal to the enacted 2001 appropriations. For 2002 through 2006, funding is equal to the 2001 level adjusted for inflation.

### Economic Assumptions

The current services estimates are based on the same economic assumptions as the President's budget, which are based on enactment of the President's budget proposals. The economy and the budget interact. Changes in economic conditions significantly alter the estimates of tax receipts, unemployment benefits, entitlement payments that are automatically adjusted for changes in cost-of-living (COLAs), income support programs for low-income individuals, and interest on the Federal debt. In turn, Government tax and spending policies influence prices, economic growth, consumption, savings, and investment. Because of these interactions, it would be reasonable, from an economic perspective, to assume different economic paths for the current services baseline and the President's budget. However, this would diminish the value of current services estimates

Table 14-2. SUMMARY OF ECONOMIC ASSUMPTIONS

(Fiscal years; dollar amounts in billions)

|  | 2000<br>Actual | Estimate |        |        |        |        |        |
|--|----------------|----------|--------|--------|--------|--------|--------|
|  |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Gross Domestic Product (GDP):                        |                |          |        |        |        |        |        |
| Levels, dollar amounts in billions:                  |                |          |        |        |        |        |        |
| Current dollars .....                                | 9,824          | 10,313   | 10,858 | 11,446 | 12,059 | 12,701 | 13,376 |
| Real, chained (1996) dollars .....                   | 9,241          | 9,490    | 9,786  | 10,104 | 10,427 | 10,756 | 11,094 |
| Percent change, year over year:                      |                |          |        |        |        |        |        |
| Current dollars .....                                | 7.3            | 5.0      | 5.3    | 5.4    | 5.4    | 5.3    | 5.3    |
| Real, chained (1996) dollars .....                   | 5.4            | 2.7      | 3.1    | 3.2    | 3.2    | 3.2    | 3.1    |
| Inflation measures (percent change, year over year): |                |          |        |        |        |        |        |
| GDP chained price index .....                        | 1.9            | 2.1      | 2.1    | 2.1    | 2.1    | 2.1    | 2.1    |
| Consumer price index (all urban) .....               | 3.3            | 2.9      | 2.5    | 2.6    | 2.5    | 2.5    | 2.5    |
| Unemployment rate, civilian (percent) .....          | 4.1            | 4.3      | 4.6    | 4.5    | 4.5    | 4.5    | 4.5    |
| Interest rates (percent):                            |                |          |        |        |        |        |        |
| 91-day Treasury bills .....                          | 5.6            | 5.5      | 5.6    | 5.6    | 5.6    | 5.4    | 5.1    |
| 10-year Treasury notes .....                         | 6.2            | 5.4      | 5.5    | 5.7    | 5.7    | 5.7    | 5.7    |
| <b>MEMORANDUM</b>                                    |                |          |        |        |        |        |        |
| Related program assumptions:                         |                |          |        |        |        |        |        |
| Automatic benefit increases (percent):               |                |          |        |        |        |        |        |
| Social security and veterans pensions .....          | 2.4            | 3.5      | 2.5    | 2.6    | 2.6    | 2.5    | 2.6    |
| Federal employee retirement .....                    | 2.4            | 3.5      | 2.5    | 2.6    | 2.6    | 2.5    | 2.6    |
| Food stamps .....                                    | 1.8            | 1.8      | 3.1    | 2.5    | 2.6    | 2.5    | 2.5    |
| Insured unemployment rate .....                      | 1.7            | 1.9      | 2.0    | 1.9    | 1.9    | 1.9    | 1.9    |

as a benchmark for measuring proposed policy changes, because it would then be difficult to separate the effects of proposed policy changes from the effects of different economic assumptions. By using the same economic assumptions for current services and the President's budget, this potential source of confusion is eliminated. The economic assumptions underlying both the budget and the current service estimates are summarized in Table 14–2. The economic outlook underlying these assumptions is discussed in greater detail in Chapter 1 of this volume.

### Major Programmatic Assumptions

A number of programmatic assumptions must be made in order to calculate the baseline estimates. These include assumptions about the number of beneficiaries who will receive payments from the major benefit programs and annual cost-of-living adjustments in the indexed programs. Assumptions on baseline caseload projections for the major benefit programs are shown in

Table 14–3. Assumptions about various automatic cost-of-living-adjustments are shown in Table 14–2.

It is also necessary to make assumptions about the continuation of expiring programs and provisions. Under the BEA, expiring excise taxes dedicated to a trust fund are extended at current rates. In general, mandatory programs with current year spending of at least \$50 million are also assumed to continue. All discretionary programs with enacted appropriations in the current year are assumed to continue. However, specific provisions of law that affect mandatory programs (but are not necessary for program operation) are allowed to expire as scheduled. For example, a savings proposal enacted in the Balanced Budget Act that allows for IRS data to be used to verify incomes of recipients of veterans means-tested benefits is allowed to expire. After 2002, benefit payments will increase under current law due to the reduced verification efforts and are reflected at this higher level in the baseline. Table 14–4 provides a listing of mandatory programs and taxes assumed to continue in the baseline after their

**Table 14–3. BENEFICIARY PROJECTIONS FOR MAJOR BENEFIT PROGRAMS**

(Annual average, in thousands)

|   | 2000<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Farmer direct payments .....  | 1,905          | 1,886    | 1,867  | 1,848  | 1,830  | 1,811  | 1,793  |
| Federal family education loans .....                                  | 3,791          | 3,944    | 4,052  | 4,201  | 4,357  | 4,520  | 4,690  |
| Federal direct student loans .....                                    | 1,970          | 2,122    | 2,031  | 2,104  | 2,181  | 2,262  | 2,345  |
| Foster care and adoption assistance .....                             | 517            | 551      | 592    | 639    | 689    | 742    | 800    |
| Medicaid .....  | 33,400         | 33,900   | 34,300 | 34,700 | 35,100 | 35,500 | 35,900 |
| State Children's Health Insurance Program .....                       | 2,100          | 2,600    | 2,900  | 3,200  | 3,300  | 3,000  | 2,900  |
| Medicare-eligible military retiree health benefits <sup>1</sup> ..... |                |          |        | 1,623  | 1,652  | 1,672  | 1,690  |
| Medicare:   |                |          |        |        |        |        |        |
| Hospital insurance .....  | 39,108         | 39,532   | 39,944 | 40,399 | 40,913 | 41,468 | 42,083 |
| Supplementary medical insurance .....                                 | 37,226         | 37,570   | 37,905 | 38,257 | 38,666 | 39,111 | 39,608 |
| Railroad retirement .....   | 682            | 664      | 645    | 626    | 609    | 593    | 578    |
| Federal civil service retirement .....                                | 2,372          | 2,387    | 2,408  | 2,432  | 2,459  | 2,488  | 2,518  |
| Military retirement .....   | 1,950          | 1,964    | 1,977  | 1,990  | 2,000  | 2,010  | 2,018  |
| Unemployment compensation .....                                       | 6,920          | 8,310    | 8,530  | 8,210  | 8,210  | 8,280  | 8,370  |
| Food stamps .....   | 17,163         | 17,607   | 18,412 | 18,826 | 18,554 | 19,129 | 19,243 |
| Child nutrition .....   | 29,687         | 30,237   | 30,740 | 31,239 | 31,654 | 32,015 | 32,346 |
| Supplemental security income (SSI):                                   |                |          |        |        |        |        |        |
| Aged .....  | 1,203          | 1,185    | 1,172  | 1,162  | 1,153  | 1,143  | 1,134  |
| Blind/disabled .....  | 5,125          | 5,166    | 5,231  | 5,313  | 5,395  | 5,478  | 5,563  |
| Subtotal, SSI .....   | 6,328          | 6,351    | 6,403  | 6,474  | 6,547  | 6,622  | 6,697  |
| Child care and development fund <sup>2</sup> .....                    | 1,816          | 2,058    | 2,116  | 2,144  | 2,153  | 2,153  | 2,153  |
| Social security (OASDI):  |                |          |        |        |        |        |        |
| Old age and survivor insurance .....                                  | 38,205         | 38,860   | 39,200 | 39,544 | 39,911 | 40,356 | 40,853 |
| Disability insurance .....  | 6,559          | 6,738    | 6,970  | 7,235  | 7,544  | 7,870  | 8,210  |
| Veterans compensation:  |                |          |        |        |        |        |        |
| Veterans .....  | 2,301          | 2,324    | 2,372  | 2,410  | 2,438  | 2,459  | 2,468  |
| Survivors (non-veterans) .....  | 306            | 308      | 309    | 311    | 312    | 314    | 315    |
| Subtotal, veterans compensation .....                                 | 2,607          | 2,632    | 2,681  | 2,720  | 2,750  | 2,773  | 2,784  |
| Veterans pensions:  |                |          |        |        |        |        |        |
| Veterans .....  | 370            | 361      | 352    | 344    | 338    | 332    | 327    |
| Survivors (non-veterans) .....  | 264            | 249      | 235    | 223    | 213    | 203    | 195    |
| Subtotal, veterans pensions .....                                     | 635            | 610      | 587    | 568    | 550    | 535    | 522    |

<sup>1</sup> Mandatory funding of this program begins in 2003.

<sup>2</sup> Includes mandatory child care entitlement to States, discretionary Child Care and Development Block Grant, and TANF transfers.

expiration. These extensions add \$0.4 billion to 2002 current services outlays. Over the period 2002 through 2006, they add \$211.7 billion to current services outlays and \$34.3 billion to current services receipts.

Many other important assumptions must be made in order to calculate the baseline estimates. These include assumptions about the timing and substance of regulations that will be issued over the projection pe-

riod, the use of administrative discretion provided under current law, and other assumptions about the way programs operate. Table 14-4 lists many of these assumptions and their impact on the baseline estimates. It is not intended to be an exhaustive listing; the variety and complexity of Government programs are too great to provide a complete list. Instead, some of the more important assumptions are shown.

**Table 14-4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE**

(In millions of dollars)

| Category  | Estimate |         |         |         |         |         |
|---|----------|---------|---------|---------|---------|---------|
|   | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>REGULATIONS <sup>1</sup></b>   |          |         |         |         |         |         |
| Old age and survivors insurance (OASI) and disability insurance (DI):                     |          |         |         |         |         |         |
| Ticket to Work and Self-Sufficiency (767P) .....  |          | 2       | 2       | 3       | -10     | -20     |
| Administrative procedures for imposing penalties for false or misleading statements ..... | -1       | -1      | -1      | -1      | -1      | -1      |
| Reduction of Title II benefits under family maximum in cases of dual enrollment .....     | 13       | 14      | 14      | 15      | 16      | 17      |
| Trial work period .....   | 7        | 6       | 5       | 5       | 4       | 3       |
| Medicare, HI:   |          |         |         |         |         |         |
| BIPA Codifying regulations .....  | 2,780    | 5,035   | 3,180   | 3,330   | 3,460   | 3,160   |
| BBRA Codifying Regulations .....  | 2,675    | 2,210   | 1,019   | 665     | 477     | 660     |
| BBA 1997 Codifying Regulations .....  | -41,680  | -49,460 | -56,135 | -62,905 | -68,620 | -74,130 |
| Disproportionate share hospital (DSH) regulation .....                                    | 370      | 380     | 430     | 450     | 510     | 540     |
| SNF Resource Utilization Group refinement delay .....                                     | 1,000    | 1,000   |         |         |         |         |
| Medicare, SMI:  |          |         |         |         |         |         |
| BIPA Codifying regulations .....  | 2,030    | 3,260   | 3,900   | 4,520   | 5,680   | 6,705   |
| BBRA Codifying Regulations .....  | 3,943    | 2,992   | 1,624   | 468     | 210     | 289     |
| BBRA Administrative Clarification Codifying Regulations .....                             | 800      | 930     | 1,150   | 1,510   | 1,790   | 1,860   |
| BBA 1997 Codifying Regulations .....  | 4,865    | 8,430   | 11,675  | 11,760  | 11,965  | 12,210  |
| Medicare, HI and SMI:   |          |         |         |         |         |         |
| Identification of potential organ, tissue, and eye donors .....                           | 115      | 160     | 200     | 240     | NA      | NA      |
| Medicare clinical trials expansion .....  | 620      | 690     | 790     | 840     | 900     | 960     |
| Medicaid:   |          |         |         |         |         |         |
| BIPA Codifying regulations .....  | 220      | 650     | -1,980  | -2,910  | -4,100  | -4,970  |
| BBRA Codifying Regulations .....  | 375      | 279     | 158     | 114     | 99      | 107     |
| BBA 1997 Codifying Regulations .....  | -660     | -1,071  | -1,628  | -1,825  | -1,985  | -2,126  |
| Removal of the 100 hour limitation on employment .....                                    | 140      | 160     | 175     | 190     | 210     | 225     |
| 1902 (R) (2) regulation .....   | 40       | 125     | 220     | 230     | 245     | 255     |
| Medicare and Medicaid:  |          |         |         |         |         |         |
| Hospital conditions of participation: Anesthesia services .....                           | *        | *       | *       | *       | *       | *       |
| Supplemental security income (SSI):   |          |         |         |         |         |         |
| Ticket to Work and Self-Sufficiency (767P) .....  | -1       | -4      | -11     | -19     | -21     | -17     |
| Title XVI cross-program recovery (746P) .....   | -15      | -15     | -15     | -40     | -30     | -15     |
| Administrative procedures for imposing penalties for false or misleading statements ..... | -2       | -1      | -1      | -1      | -1      | -1      |
| Student earned income exclusion .....   | 3        | 3       | 3       | 3       | 4       | 4       |
| Veterans compensation   |          |         |         |         |         |         |
| Diabetes presumptive disability .....   | 17       | 302     | 715     | 999     | 1,182   | 1,268   |
| Veterans medical care:  |          |         |         |         |         |         |
| Nursing home co-pays .....  |          | -24     | -33     | -33     | -33     | -33     |
| Environmental Protection Agency:  |          |         |         |         |         |         |
| Pesticide registration fees .....   |          | -25     | -26     | -27     | -28     | -30     |
| Pesticide tolerance fees .....  |          | -37     | -57     | -43     | -14     |         |
| <b>EXPIRING AUTHORIZATIONS</b>  |          |         |         |         |         |         |
| <b>Provisions extended in the baseline (effect of extension):</b>                         |          |         |         |         |         |         |
| <b>Spending:</b>  |          |         |         |         |         |         |
| Child care entitlement to States .....  |          |         | 2,717   | 2,717   | 2,717   | 2,717   |
| Child nutrition:  |          |         |         |         |         |         |
| Summer food service program .....   |          |         |         | 375     | 399     | 422     |
| State administrative expenses .....   |          |         |         | 141     | 149     | 156     |
| CCC commodity program assistance .....  |          |         | 9,641   | 8,555   | 8,403   | 8,488   |
| Compact of free association .....   |          |         |         | 144     | 144     | 144     |
| Food stamps:  |          |         |         |         |         |         |
| Benefit costs .....   |          |         | 18,009  | 18,612  | 19,423  | 20,203  |
| State administrative expenses .....   |          |         | 2,036   | 2,101   | 2,168   | 2,237   |
| Employment and training .....   |          |         | 337     | 342     | 347     | 352     |
| Other program costs .....   |          |         | 71      | 69      | 70      | 71      |
| Nutrition assistance for Puerto Rico .....  |          |         | 1,370   | 1,405   | 1,441   | 1,476   |

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

| Category   | Estimate |         |         |         |         |         |
|--|----------|---------|---------|---------|---------|---------|
|  | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Food donations on Indian reservations .....  |          |         | 73      | 78      | 80      | 82      |
| The emergency food assistance program commodities .....  |          |         | 100     | 100     | 100     | 100     |
| Fund for Rural America .....   |          |         |         | 32      | 42      | 53      |
| Future Agriculture and Food Systems initiative .....   |          |         |         | 6       | 48      | 90      |
| NAFTA transitional adjustment assistance .....   |          | 30      | 60      | 69      | 70      | 72      |
| Promoting safe and stable families .....   |          | 46      | 241     | 293     | 299     | 305     |
| Temporary assistance for needy families (TANF):  |          |         |         |         |         |         |
| State family assistance grants (SFAG) .....  |          |         | 16,489  | 16,489  | 16,489  | 16,489  |
| SFAG to territories .....  |          |         | 78      | 78      | 78      | 78      |
| Bonus to reward high performing States .....   |          |         |         | 200     | 200     | 200     |
| Bonus to reward decrease in illegitimacy .....   |          |         | 100     | 100     | 100     | 100     |
| Tribal work program .....  |          |         | 8       | 8       | 8       | 8       |
| Trade adjustment assistance .....  |          | 283     | 326     | 357     | 368     | 380     |
| Revenues:  |          |         |         |         |         |         |
| Aquatic resources trust fund taxes .....   |          |         |         |         |         | 310     |
| Highway trust fund taxes .....   |          |         |         |         |         | 33,636  |
| Leaking Underground Storage Tank taxes .....   |          |         |         |         | 104     | 210     |
| <b>Provisions not extended in the baseline (effect of extension):</b>  |          |         |         |         |         |         |
| Spending:  |          |         |         |         |         |         |
| Census: survey of program dynamics .....   |          |         | 10      | 10      | 10      | 10      |
| Civil service retirement:  |          |         |         |         |         |         |
| Increased non-Postal agency contributions for employees of 1.51 percent .....  |          |         | -469    | -482    | -449    | -415    |
| Customs user fees .....  |          |         |         | -1,450  | -1,511  | -1,576  |
| Farm price supports:   |          |         |         |         |         |         |
| CCC conservation technical assistance .....  |          | 35      | 35      | 35      | 35      | 35      |
| CCC emergency farm income and crop/livestock loss assistance .....   |          | 7,329   | 7,329   | 7,329   | 7,329   | 7,329   |
| Medicare, HI:  |          |         |         |         |         |         |
| Reduction in PPS Capital Payments (BBA 4402) .....   |          |         | -180    | -220    | -230    | -240    |
| Reduction in PPS Capital Payments (BBA 4412) .....   |          |         | -130    | -150    | -160    | -170    |
| Medicare, SMI:   |          |         |         |         |         |         |
| Medicare low income premium assistance .....   |          |         | 80      | 90      | 100     | 110     |
| Medicaid:  |          |         |         |         |         |         |
| Emergency services for undocumented aliens .....   |          | 25      | 25      | 25      | 25      | 25      |
| Medicaid transitional assistance .....   |          |         | 350     | 400     | 450     | 500     |
| Recreation fee demonstrations .....  |          |         | -58     | -8      | 52      | 84      |
| Veterans compensation and pensions:  |          |         |         |         |         |         |
| IRS income verification .....  |          |         | -6      | -6      | -6      | -6      |
| Round down COLAs .....   |          |         | -15     | -37     | -60     | -85     |
| Veterans medical care: pharmaceutical copay .....  |          | -120    | -250    | -250    | -250    | -250    |
| <b>OTHER IMPORTANT PROGRAM ASSUMPTIONS</b>   |          |         |         |         |         |         |
| Child support enforcement (CSE):   |          |         |         |         |         |         |
| Effect of hold harmless payments to States .....   | 10       | 10      |         |         |         |         |
| Effect of enhanced automated system matching rates .....   | 32       | 13      |         |         |         |         |
| Penalties for Family Support Act systems and Statewide Disbursement Unit requirements .....                          | -148     | -194    | -100    | -15     |         |         |
| Effect of enhanced rate of paternity testing .....   | 8        | 8       | 9       | 9       | 10      | 10      |
| Food stamps:   |          |         |         |         |         |         |
| Tax offset, recoupment, and general claims collection .....  | -177     | -177    | -177    | -177    | -177    | -177    |
| Quality control liabilities .....  | -68      | -72     | -77     | -76     | -80     | -87     |
| Allocation of administrative costs between public assistance programs .....  | -197     | -197    | -197    | -197    | -197    | -197    |
| State incentive payments .....   | 42       | 46      | 47      | 49      | 50      | 52      |
| Non-employment and training costs of BBA changes to work requirement for able-bodied adults without dependents ..... | 91       | 107     | 117     | 121     | 126     | 130     |
| Administrative actions to promote employment and training program .....  | 15       | 25      | 30      | 31      | 32      | 33      |
| Medicare: Medicare Integrity Program (MIP) <sup>2</sup> .....  | -10,660  | -10,970 | -11,290 | -11,290 | -11,290 | -11,290 |
| Medicaid: <sup>3</sup>   |          |         |         |         |         |         |
| Financial management recoveries .....  | -171     | -187    | -204    | -223    | -244    | -267    |
| Vaccines for Children, total program costs .....   | 775      | 796     | 792     | 784     | 821     | 853     |
| Allocation of administrative costs between public assistance programs .....  | 311      | 355     | 393     | 432     | 471     | 509     |
| 48 Hour Maternity Stay .....   | 20       | 20      | 20      | 20      | 20      | 20      |
| Adoption and Safe Families Act of 1997 .....   | 2        | 2       | 2       | 2       | 3       | 3       |
| Remaining upper payment limit costs assumed in baseline .....  | 4,720    | 5,250   | 4,640   | 4,730   | 4,860   | 4,640   |
| HHS Inspector General: Audit and Investigative Recoveries .....  | -840     | -980    | -1,050  | -1,050  | NA      | NA      |
| State children's health insurance program (Title XXI) .....  | 4,032    | 3,355   | 4,072   | 4,260   | 4,290   | 4,370   |

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

| Category                                      | Estimate |       |       |       |      |      |
|---|----------|-------|-------|-------|------|------|
|   | 2001     | 2002  | 2003  | 2004  | 2005 | 2006 |
| Approved Demonstrations: <sup>4</sup>         |          |       |       |       |      |      |
| Medicare, HI:                                 |          |       |       |       |      |      |
| Home Health Prospective Payment               |          |       |       |       |      |      |
| Costs .....                                   | 245      |       |       |       |      |      |
| Replacement Benefits .....                    | 245      |       |       |       |      |      |
| Medicare, SMI:                                |          |       |       |       |      |      |
| Competitive Bidding for DME                   |          |       |       |       |      |      |
| Costs .....                                   | 12       | 14    | 2     |       |      |      |
| Replacement Benefits .....                    | 11       | 12    | 2     |       |      |      |
| Diabetes                                      |          |       |       |       |      |      |
| Costs .....                                   | 1        | 1     | 1     |       |      |      |
| Replacement Benefits .....                    | 1        | 1     | 1     |       |      |      |
| Municipal Health                              |          |       |       |       |      |      |
| Costs .....                                   | 17       | 13    | 11    | 10    |      |      |
| Replacement Benefits .....                    | 7        | 6     | 5     | 4     |      |      |
| Telemedicine                                  |          |       |       |       |      |      |
| Costs .....                                   | 1        |       |       |       |      |      |
| Replacement Benefits .....                    | 1        |       |       |       |      |      |
| United Mine Workers Prescription Drug Program |          |       |       |       |      |      |
| Costs .....                                   | 119      | 478   | 483   | 366   |      |      |
| Replacement Benefits .....                    | 113      | 450   | 453   | 343   |      |      |
| Smoking Cessation                             |          |       |       |       |      |      |
| Costs .....                                   | 6        | 6     | 2     |       |      |      |
| Replacement Benefits .....                    | 6        | 6     | 2     |       |      |      |
| Medicare: HI and SMI:                         |          |       |       |       |      |      |
| Case Management/Lovelace CHF                  |          |       |       |       |      |      |
| Costs .....                                   | 1        | 1     | 1     |       |      |      |
| Replacement Benefits .....                    | 1        | 1     | 1     |       |      |      |
| Centers of Excellence                         |          |       |       |       |      |      |
| Costs .....                                   |          | 409   | 409   | 409   |      |      |
| Replacement Benefits .....                    |          | 431   | 431   | 431   |      |      |
| Choices                                       |          |       |       |       |      |      |
| Costs .....                                   | 112      |       |       |       |      |      |
| Replacement Benefits .....                    | 124      |       |       |       |      |      |
| Community Nursing Organization (CNO)          |          |       |       |       |      |      |
| Costs .....                                   | 5        | 2     |       |       |      |      |
| Replacement Benefits .....                    | 3        | 1     |       |       |      |      |
| Competitive Pricing for HMOs                  |          |       |       |       |      |      |
| Costs .....                                   |          | 2,400 | 4,650 | 4,650 |      |      |
| Replacement Benefits .....                    |          | 2,400 | 4,650 | 4,650 |      |      |
| Evercare                                      |          |       |       |       |      |      |
| Costs .....                                   | 154      |       |       |       |      |      |
| Replacement Benefits .....                    | 154      |       |       |       |      |      |
| Monroe County LTC Care                        |          |       |       |       |      |      |
| Costs .....                                   | 4        | 4     | 2     |       |      |      |
| Replacement Benefits .....                    | 4        | 4     | 2     |       |      |      |
| New York Graduate Medical Education           |          |       |       |       |      |      |
| Costs .....                                   | 290      | 291   | 279   |       |      |      |
| Replacement Benefits .....                    | 290      | 291   | 279   |       |      |      |
| End Stage Renal Disease Managed Care          |          |       |       |       |      |      |
| Costs .....                                   | 29       |       |       |       |      |      |
| Replacement Benefits .....                    | 29       |       |       |       |      |      |
| Medicare Lifestyle Modification Program       |          |       |       |       |      |      |
| Costs .....                                   | NA       | NA    | NA    |       |      |      |
| Replacement Benefits .....                    | NA       | NA    | NA    |       |      |      |
| PPO Demonstration                             |          |       |       |       |      |      |
| Costs .....                                   | 11       | 23    | 24    | 25    |      |      |
| Replacement Benefits .....                    | 10       | 22    | 23    | 23    |      |      |
| Provider Partnership                          |          |       |       |       |      |      |
| Costs .....                                   |          | 255   | 335   | 335   | 86   |      |
| Replacement Benefits .....                    |          | 260   | 342   | 342   | 88   |      |
| Rochester-CCN (Dual Eligibles)                |          |       |       |       |      |      |
| Costs .....                                   | 56       | 81    | 118   | 94    |      |      |
| Replacement Benefits .....                    | 62       | 94    | 141   | 115   |      |      |
| Medicaid:                                     |          |       |       |       |      |      |
| Arizona AHCCS                                 |          |       |       |       |      |      |
| Costs .....                                   | 1,670    | 2,273 |       |       |      |      |

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

| Category   | Estimate |        |       |       |      |      |
|--|----------|--------|-------|-------|------|------|
|  | 2001     | 2002   | 2003  | 2004  | 2005 | 2006 |
| Replacement Benefits .....                             | 1,670    | 2,273  |       |       |      |      |
| Arkansas (ARKids First)                                |          |        |       |       |      |      |
| Costs .....  | 49       | 51     |       |       |      |      |
| Replacement Benefits .....                             | 49       | 51     |       |       |      |      |
| Arkansas Family Planning Services                      |          |        |       |       |      |      |
| Costs .....  | 13       | 13     |       |       |      |      |
| Replacement Benefits .....                             | 13       | 13     |       |       |      |      |
| California Family Planning                             |          |        |       |       |      |      |
| Costs .....  | 193      | 196    | 199   |       |      |      |
| Replacement Benefits .....                             | 193      | 196    | 199   |       |      |      |
| Delaware Statewide                                     |          |        |       |       |      |      |
| Costs .....  | 105      | 112    | 120   | 128   |      |      |
| Replacement Benefits .....                             | 105      | 112    | 120   | 128   |      |      |
| District of Columbia HIV                               |          |        |       |       |      |      |
| Costs .....  | 3        | 2      | 3     | 3     | 3    |      |
| Replacement Benefits .....                             | 3        | 2      | 3     | 3     | 3    |      |
| Florida Family Planning                                |          |        |       |       |      |      |
| Costs .....  | 23       | 21     | 21    | 21    |      |      |
| Replacement Benefits .....                             | 23       | 21     | 21    | 21    |      |      |
| Hawaii Health QUEST                                    |          |        |       |       |      |      |
| Costs .....  | 283      | 311    |       |       |      |      |
| Replacement Benefits .....                             | 283      | 311    |       |       |      |      |
| Kentucky (amended version)                             |          |        |       |       |      |      |
| Costs .....  | 2,290    | 2,496  |       |       |      |      |
| Replacement Benefits .....                             | 2,290    | 2,496  |       |       |      |      |
| LA County  |          |        |       |       |      |      |
| Costs .....  | 246      | 231    | 173   | 123   | 65   |      |
| Replacement Benefits .....                             | 5        | 5      | 5     | 5     | 5    |      |
| Maine Prescription Drug Discount Program               |          |        |       |       |      |      |
| Costs .....  | *        | *      | *     | *     | *    |      |
| Replacement Benefits .....                             | *        | *      | *     | *     | *    |      |
| Maine HIV  |          |        |       |       |      |      |
| Costs .....  | 4        | 7      | 7     | 7     | 7    |      |
| Replacement Benefits .....                             | 4        | 7      | 7     | 7     | 7    |      |
| Maryland   |          |        |       |       |      |      |
| Costs .....  | 1,021    | 1,099  |       |       |      |      |
| Replacement Benefits .....                             | 1,021    | 1,099  |       |       |      |      |
| Massachusetts Statewide                                |          |        |       |       |      |      |
| Costs .....  | 1,918    | 2,041  |       |       |      |      |
| Replacement Benefits .....                             | 1,918    | 2,041  |       |       |      |      |
| Minnesota Statewide                                    |          |        |       |       |      |      |
| Costs .....  | 1,437    | 1,542  |       |       |      |      |
| Replacement Benefits .....                             | 1,437    | 1,542  |       |       |      |      |
| New York (Partnership Plan)                            |          |        |       |       |      |      |
| Costs .....  | 10,509   | 11,726 |       |       |      |      |
| Replacement Benefits .....                             | 10,509   | 11,726 |       |       |      |      |
| Oklahoma Statewide                                     |          |        |       |       |      |      |
| Costs .....  | 900      | 963    | 1,030 | 1,102 |      |      |
| Replacement Benefits .....                             | 900      | 963    | 1,030 | 1,102 |      |      |
| OhioCare   |          |        |       |       |      |      |
| Costs .....  | 2,287    |        |       |       |      |      |
| Replacement Benefits .....                             | 2,287    |        |       |       |      |      |
| Oregon Family Planning                                 |          |        |       |       |      |      |
| Costs .....  | 70       | 70     | 70    | 70    |      |      |
| Replacement Benefits .....                             | 70       | 70     | 70    | 70    |      |      |
| Oregon Health Plan                                     |          |        |       |       |      |      |
| Costs .....  | 545      | 186    |       |       |      |      |
| Replacement Benefits .....                             | 545      | 186    |       |       |      |      |
| Oregon Independent Choices                             |          |        |       |       |      |      |
| Costs .....  | 1        | 2      | 2     | 2     | 2    | 1    |
| Replacement Benefits .....                             | 1        | 2      | 2     | 2     | 2    | 1    |
| Rhode Island Rite Care (including costs of amendments) |          |        |       |       |      |      |
| Costs .....  | 70       | 70     |       |       |      |      |
| Replacement Benefits .....                             | 70       | 70     |       |       |      |      |
| SC Family Planning                                     |          |        |       |       |      |      |
| Costs .....  | 9        |        |       |       |      |      |
| Replacement Benefits .....                             | 9        |        |       |       |      |      |

**Table 14–4. IMPACT OF REGULATIONS, EXPIRING AUTHORIZATIONS, AND OTHER ASSUMPTIONS IN THE BASELINE—Continued**  
(In millions of dollars)

| Category   | Estimate |        |        |        |        |        |
|--|----------|--------|--------|--------|--------|--------|
|  | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| TennCare   |          |        |        |        |        |        |
| Costs .....  | 3,227    | 3,392  |        |        |        |        |
| Replacement Benefits .....   | 3,227    | 3,392  |        |        |        |        |
| Vermont  |          |        |        |        |        |        |
| Costs .....  | 151      | 158    | 166    | 174    |        |        |
| Replacement Benefits .....   | 151      | 158    | 166    | 174    |        |        |
| Cash and counseling <sup>6</sup>   |          |        |        |        |        |        |
| Costs .....  | 13       | 20     | 24     | 2      |        |        |
| Replacement Benefits .....   | 13       | 20     | 24     | 2      |        |        |
| Welfare Reform   |          |        |        |        |        |        |
| Costs .....  | 72       | 70     |        |        |        |        |
| Replacement Benefits .....   | 72       | 70     |        |        |        |        |
| Joint Medicare and Medicaid:   |          |        |        |        |        |        |
| S/HMOs—Medicare  |          |        |        |        |        |        |
| Costs .....  | 900      | 950    | 975    | 1,000  |        |        |
| Replacement Benefits .....   | 765      | 805    | 829    | 850    |        |        |
| S/HMOs—Medicaid  |          |        |        |        |        |        |
| Costs .....  | 83       | 86     | 88     | 90     |        |        |
| Replacement Benefits .....   | 83       | 86     | 88     | 90     |        |        |
| S/HMO II—Medicare  |          |        |        |        |        |        |
| Costs .....  | 1,000    | 1,000  | 1,000  | 1,000  |        |        |
| Replacement Benefits .....   | 950      | 950    | 950    | 950    |        |        |
| S/HMO II—Medicaid  |          |        |        |        |        |        |
| Costs .....  | 201      | 217    | 217    | 217    |        |        |
| Replacement Benefits .....   | 201      | 217    | 217    | 217    |        |        |
| Wisconsin-Dual Eligibles   |          |        |        |        |        |        |
| Costs .....  | 50       | 55     | 57     |        |        |        |
| Replacement Benefits .....   | 53       | 57     | 60     |        |        |        |
| OASI, DI, SSI:   |          |        |        |        |        |        |
| Expansion of tax refund offset to debts previously written off (OASI, DI) .....      | -44      | -44    | -44    | -44    | -44    | -44    |
| Performance of continuing disability reviews (baseline levels) (OASI, DI, SSI) ..... | -485     | -975   | -1,425 | -1,820 | -2,260 | -2,520 |
| Collection of overpayments:  |          |        |        |        |        |        |
| OASI .....   | -981     | -976   | -973   | -971   | -971   | -971   |
| DI .....   | -335     | -353   | -361   | -366   | -368   | -368   |
| SSI .....  | -783     | -822   | -842   | -851   | -856   | -856   |
| Debts written off as uncollectable (no effect on outlays):                           |          |        |        |        |        |        |
| OASI .....   | 94       | 93     | 92     | 91     | 90     | 90     |
| DI .....   | 272      | 287    | 294    | 297    | 299    | 299    |
| SSI .....  | 526      | 488    | 450    | 412    | 374    | 374    |
| DI:  |          |        |        |        |        |        |
| Payments to states for vocational rehabilitation .....                               | 86       | 73     | 63     | 53     | 37     | 41     |
| Limitation on prisoner's benefits .....  | -38      | -38    | -43    | -46    | -51    | -57    |
| Research and demonstration projects .....  | 6        | 12     | 12     | 12     | 12     | 6      |
| OASI: limitation on prisoner's benefits .....  | -16      | -17    | -18    | -20    | -22    | -25    |
| SSI:   |          |        |        |        |        |        |
| Payments from states for state supplemental benefits .....                           | -3,570   | -3,665 | -3,791 | -3,923 | -4,078 | -4,167 |
| Payments for state supplemental benefits .....                                       | 3,265    | 3,655  | 3,780  | 3,910  | 4,070  | 4,160  |
| Fees for administration of State supplement:   |          |        |        |        |        |        |
| Treasury share .....   | 150      | 152    | 153    | 155    | 157    | 159    |
| SSA share .....  | 100      | 106    | 115    | 123    | 132    | 141    |
| Research and demonstration projects .....  | 37       | 30     | 31     | 31     | 31     | 32     |
| Payments to states for vocational rehabilitation .....                               | 71       | 57     | 58     | 56     | 52     | 47     |
| Performance of non-disability redeterminations .....                                 | -279     | -221   | -27    | -17    | -10    | -8     |
| Ticket to work grant programs:   |          |        |        |        |        |        |
| Infrastructure grant program .....   | 16       | 25     | 30     | 35     | 40     | 41     |
| Demonstration to maintain independence and employment .....                          |          | 4      | 11     | 15     | 18     | 24     |
| TANF:  |          |        |        |        |        |        |
| Transfers from TANF to SSBG .....  | 600      | 500    | 600    | 700    | 700    | 700    |

NA = Not available.

<sup>1</sup> Not shown on the table are medicare and medicaid regulations that have not been specifically priced.

<sup>2</sup> These amounts reflect gross MIP savings that are not offset with MIP costs.

<sup>3</sup> Not shown on table are anticipated collections from various State liabilities under current law.

<sup>4</sup> Estimates for demonstrations reflect Federal costs of the projects. Replacement benefits represent the program costs in the absence of the demonstrations. The differences represent the net impact of the demonstration projects on the baseline. DoD Medicare demonstration is reflected under BBA97 codifying regulations.

<sup>5</sup> Budget modified from original agreement for phase-out of waiver funding.

<sup>6</sup> Budget neutrality controlled through experimental design.

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

*Receipts.*—Table 14–5 shows baseline receipts by major source. Total receipts are projected to increase by \$83.9 billion from 2001 to 2002 and by \$476.7 billion from 2002 to 2006, largely due to assumed increases in incomes resulting from both real economic growth and inflation.

Individual income taxes are estimated to increase by \$29.8 billion from 2001 to 2002 under current law. This growth of 2.8 percent is primarily the effect of increased collections resulting from rising personal incomes. Individual income taxes are projected to grow at an annual rate of 5.1 percent between 2002 and 2006.

Corporation income taxes under current law are estimated to increase by \$6.9 billion or 3.2 percent from 2001 to 2002, in large part due to higher corporate profits. Corporation income taxes are projected to increase at an annual rate of 4.2 percent from 2002 to 2006.

Social insurance and retirement receipts are estimated to increase by \$36.1 billion between 2001 and 2002, and by an additional \$170.6 billion between 2002 and 2006. The estimates reflect assumed increases in total wages and salaries paid, and scheduled increases in the social security taxable earnings base from \$80,400 in 2001 to \$102,600 in 2006.

Excise taxes are estimated to increase by \$11.2 billion from 2001 to 2006, in large part due to increased economic activity. Other baseline receipts (estate and gift taxes, customs duties, and miscellaneous receipts) are projected to increase by \$24.2 billion from 2001 to 2006.

*Outlays.*—Current services outlays are estimated to be \$1,853.1 billion in 2001 and \$1,938.1 billion in 2002, a 4.6 percent increase. Between 2001 and 2006, they are projected to increase at an average annual rate of 3.3 percent. Outlays for discretionary programs increase from \$648.8 billion in 2001 to \$684.2 billion in 2002, largely reflecting increases in resources to keep

pace with inflation. Again reflecting increases in resources to keep pace with inflation, outlays continue to increase each year thereafter, reaching \$766.5 billion in 2006. Entitlement and other mandatory programs are estimated to grow from \$998.0 billion in 2001 to \$1,067.5 billion in 2002, and to \$1,317.3 billion in 2006, due in large part to changes in the number of beneficiaries and to automatic cost-of-living adjustments and other adjustments for inflation. Social security outlays grow from \$430.0 billion in 2001 to \$553.0 billion in 2006, an average annual rate of 5.2 percent. Medicare and medicaid are projected to grow at annual average rates of 5.3 and 9.0 percent, respectively, outpacing inflation. Unemployment compensation also grows substantially over the projection period. Offsetting growth in other areas, mandatory agriculture spending, totaling \$20.6 billion in 2001, declines rapidly and is only \$9.1 billion in 2006. In addition, 2001 outlays are reduced by \$17.7 billion due to the recording of reestimates of credit subsidies required by the Credit Reform Act. These reestimates are recorded in the current year and reflect revisions to previous subsidy estimates for outstanding loan cohorts.

Net interest payments to the public are estimated to decline over the projection period from \$206.3 billion in 2001 to \$98.5 billion in 2006, reflecting reduced borrowing by the Government resulting from projected surpluses over the period.

Tables 14–7 and 14–8 show current services outlays by function and by agency, respectively. A more detailed presentation of outlays (by function, subfunction, and program) appears at the end of this chapter.

*Budget authority.*—Tables 14–9 and 14–10 show current services estimates of budget authority by function and by agency, respectively.

*Current Services Outlays and Budget Authority by Function and Program.*—Tables 14–11 and 14–12 present current services budget authority and outlays, respectively, in function order, with category and program level detail.

**Table 14-5. BASELINE RECEIPTS BY SOURCE**

(In billions of dollars)

|  | 2000<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| Individual income taxes .....                  | 1,004.5        | 1,073.1        | 1,102.9        | 1,148.9        | 1,205.6        | 1,273.1        | 1,345.3        |
| Corporation income taxes .....                 | 207.3          | 213.1          | 220.0          | 228.8          | 237.8          | 249.1          | 259.4          |
| Social insurance and retirement receipts ..... | 652.9          | 689.7          | 725.8          | 766.0          | 806.0          | 855.8          | 896.4          |
| On-budget .....                                | 172.3          | 185.8          | 194.9          | 205.2          | 215.8          | 226.8          | 237.9          |
| Off-budget .....                               | 480.6          | 503.9          | 530.9          | 560.8          | 590.3          | 629.0          | 658.5          |
| Excise taxes .....                             | 68.9           | 71.1           | 74.0           | 76.3           | 78.3           | 80.5           | 82.3           |
| Other .....                                    | 91.8           | 90.1           | 98.3           | 104.4          | 110.0          | 110.8          | 114.3          |
| <b>Total .....</b>                             | <b>2,025.2</b> | <b>2,137.1</b> | <b>2,221.0</b> | <b>2,324.3</b> | <b>2,437.7</b> | <b>2,569.4</b> | <b>2,697.7</b> |
| On-budget .....                                | 1,544.6        | 1,633.2        | 1,690.1        | 1,763.5        | 1,847.4        | 1,940.4        | 2,039.2        |
| Off-budget .....                               | 480.6          | 503.9          | 530.9          | 560.8          | 590.3          | 629.0          | 658.5          |

Table 14-6. CHANGE IN BASELINE OUTLAY ESTIMATES BY CATEGORY

(Dollar amounts in billions)

|  | Estimate |         |         | Change 2001 to 2002 |         | Change 2001 to 2006 |                     |
|--|----------|---------|---------|---------------------|---------|---------------------|---------------------|
|  | 2001     | 2002    | 2006    | Amount              | Percent | Amount              | Annual average rate |
| Outlays:   |          |         |         |                     |         |                     |                     |
| Discretionary:                                   |          |         |         |                     |         |                     |                     |
| Defense .....                                    | 299.6    | 311.8   | 350.9   | 12.2                | 4.1%    | 51.3                | 3.2%                |
| Nondefense .....                                 | 349.2    | 372.4   | 415.6   | 23.2                | 6.6%    | 66.4                | 3.5%                |
| Subtotal, discretionary .....                    | 648.8    | 684.2   | 766.5   | 35.4                | 5.5%    | 117.7               | 3.4%                |
| Mandatory:                                       |          |         |         |                     |         |                     |                     |
| Agriculture programs .....                       | 20.6     | 13.2    | 9.1     | -7.4                | -36.1%  | -11.5               | -15.1%              |
| Medicaid .....                                   | 128.9    | 143.0   | 198.3   | 14.2                | 11.0%   | 69.4                | 9.0%                |
| Medicare .....                                   | 216.0    | 226.4   | 279.4   | 10.4                | 4.8%    | 63.4                | 5.3%                |
| Federal employee retirement and disability ..... | 81.0     | 84.3    | 98.3    | 3.3                 | 4.1%    | 17.3                | 3.9%                |
| Unemployment compensation .....                  | 25.4     | 28.3    | 34.3    | 2.9                 | 11.4%   | 8.9                 | 6.2%                |
| Social Security .....                            | 430.0    | 451.6   | 553.0   | 21.6                | 5.0%    | 123.0               | 5.2%                |
| Credit subsidy reestimates .....                 | -17.7    | .....   | .....   | 17.7                | -100.0% | 17.7                | -100.0%             |
| Undistributed offsetting receipts .....          | -47.7    | -51.8   | -57.8   | -4.1                | 8.7%    | -10.1               | 3.9%                |
| Other mandatory .....                            | 161.5    | 172.4   | 202.8   | 11.0                | 6.8%    | 41.3                | 4.7%                |
| Subtotal, mandatory .....                        | 998.0    | 1,067.5 | 1,317.3 | 69.5                | 7.0%    | 319.3               | 5.7%                |
| Net interest .....                               | 206.3    | 186.5   | 98.5    | -19.8               | -9.6%   | -107.8              | -13.7%              |
| Total outlays .....                              | 1,853.1  | 1,938.1 | 2,182.3 | 85.1                | 4.6%    | 329.3               | 3.3%                |

Table 14-7. CURRENT SERVICES OUTLAYS BY FUNCTION

(in billions of dollars)

| Function   | 2000<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 281.2          | 283.9          | 295.4          | 302.4          | 312.9          | 323.4          | 333.1          |
| Other .....  | 13.3           | 15.2           | 16.3           | 16.6           | 16.7           | 17.0           | 17.2           |
| Total, National defense .....                              | 294.5          | 299.1          | 311.7          | 319.0          | 329.6          | 340.4          | 350.3          |
| International affairs .....                                | 17.2           | 16.9           | 20.7           | 20.8           | 20.9           | 20.9           | 21.5           |
| General science, space, and technology .....               | 18.6           | 19.7           | 20.8           | 21.5           | 22.2           | 22.7           | 23.1           |
| Energy .....   | -1.1           | -0.7           | -0.2           | 0.2            | -0.4           | -0.2           | 0.2            |
| Natural resources and environment .....                    | 25.0           | 27.4           | 29.5           | 30.8           | 31.6           | 32.4           | 33.0           |
| Agriculture .....  | 36.6           | 25.9           | 18.7           | 15.4           | 14.4           | 14.6           | 15.0           |
| Commerce and housing credit .....                          | 3.2            | -0.8           | 7.4            | 5.2            | 4.4            | 4.4            | 3.2            |
| On-Budget .....  | (1.2)          | (-3.4)         | (4.4)          | (5.8)          | (5.1)          | (5.7)          | (5.0)          |
| Off-Budget .....   | (2.0)          | (2.6)          | (3.1)          | (-0.5)         | (-0.7)         | (-1.3)         | (-1.8)         |
| Transportation .....                                       | 46.9           | 51.1           | 55.0           | 58.0           | 60.2           | 62.6           | 64.4           |
| Community and regional development .....                   | 10.6           | 10.6           | 12.2           | 12.1           | 12.1           | 12.1           | 11.9           |
| Education, training, employment, and social services ..... | 59.2           | 65.3           | 76.4           | 79.8           | 81.1           | 83.1           | 85.4           |
| Health .....   | 154.5          | 172.8          | 190.5          | 208.5          | 224.3          | 241.3          | 259.2          |
| Medicare .....   | 197.1          | 219.3          | 229.9          | 242.2          | 256.0          | 274.7          | 283.5          |
| Income security .....                                      | 247.9          | 262.6          | 275.6          | 285.2          | 295.5          | 308.6          | 317.0          |
| Social security .....                                      | 409.4          | 433.6          | 455.2          | 477.2          | 501.8          | 528.3          | 557.0          |
| On-Budget .....  | (13.3)         | (11.7)         | (14.2)         | (14.9)         | (16.1)         | (17.2)         | (18.4)         |
| Off-Budget .....   | (396.2)        | (421.9)        | (441.0)        | (462.3)        | (485.7)        | (511.0)        | (538.6)        |
| Veterans benefits and services .....                       | 47.1           | 45.4           | 51.3           | 53.7           | 56.3           | 61.2           | 60.7           |
| Administration of justice .....                            | 27.8           | 29.4           | 32.4           | 35.4           | 36.0           | 36.2           | 37.4           |
| General government .....                                   | 13.5           | 16.8           | 16.4           | 16.8           | 17.6           | 18.0           | 18.5           |
| Net interest .....   | 223.2          | 206.3          | 186.5          | 169.5          | 149.5          | 125.0          | 98.5           |
| On-Budget .....  | (283.0)        | (275.2)        | (262.6)        | (254.9)        | (245.4)        | (232.4)        | (218.6)        |
| Off-Budget .....   | (-59.8)        | (-68.9)        | (-76.1)        | (-85.4)        | (-95.9)        | (-107.3)       | (-120.1)       |
| Undistributed offsetting receipts .....                    | -42.6          | -47.7          | -51.8          | -60.7          | -62.4          | -56.2          | -57.8          |
| On-Budget .....  | (-34.9)        | (-39.8)        | (-42.9)        | (-51.5)        | (-52.5)        | (-45.5)        | (-46.3)        |
| Off-Budget .....   | (-7.6)         | (-7.9)         | (-8.9)         | (-9.2)         | (-9.9)         | (-10.7)        | (-11.4)        |
| <b>Total .....</b>   | <b>1,788.8</b> | <b>1,853.1</b> | <b>1,938.1</b> | <b>1,990.6</b> | <b>2,050.8</b> | <b>2,130.0</b> | <b>2,182.3</b> |
| On-Budget .....  | (1,458.1)      | (1,505.3)      | (1,579.1)      | (1,623.3)      | (1,671.5)      | (1,738.3)      | (1,777.1)      |
| Off-Budget .....   | (330.8)        | (347.7)        | (359.0)        | (367.3)        | (379.3)        | (391.6)        | (405.2)        |

Table 14-8. CURRENT SERVICES OUTLAYS BY AGENCY

(in billions of dollars)

| Function  | 2000<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| Legislative Branch .....                            | 2.9            | 3.1            | 3.1            | 3.3            | 3.3            | 3.4            | 3.5            |
| Judicial Branch .....                               | 4.1            | 4.3            | 4.5            | 4.6            | 4.8            | 4.9            | 5.1            |
| Agriculture .....                                   | 75.7           | 69.6           | 64.2           | 63.0           | 63.9           | 65.9           | 68.2           |
| Commerce .....                                      | 7.8            | 5.5            | 5.2            | 5.4            | 5.5            | 5.7            | 5.8            |
| Defense—Military .....                              | 281.2          | 283.9          | 295.4          | 302.4          | 312.9          | 323.4          | 333.1          |
| Education .....                                     | 33.9           | 36.7           | 44.9           | 47.6           | 48.7           | 49.8           | 51.1           |
| Energy .....  | 15.0           | 16.7           | 17.9           | 18.5           | 18.7           | 19.1           | 19.3           |
| Health and Human Services .....                     | 382.6          | 428.0          | 457.8          | 484.2          | 514.3          | 550.4          | 577.4          |
| Housing and Urban Development .....                 | 30.8           | 37.3           | 35.1           | 35.5           | 34.8           | 35.2           | 35.5           |
| Interior .....                                      | 8.0            | 8.7            | 9.8            | 10.5           | 10.8           | 11.0           | 11.3           |
| Justice .....                                       | 19.6           | 20.7           | 23.0           | 25.6           | 24.6           | 24.4           | 25.2           |
| Labor .....   | 31.4           | 38.2           | 42.2           | 42.8           | 43.8           | 45.5           | 47.4           |
| State .....   | 6.8            | 8.7            | 9.1            | 8.7            | 8.7            | 8.8            | 9.1            |
| Transportation .....                                | 46.0           | 50.6           | 54.8           | 57.4           | 59.7           | 62.1           | 63.9           |
| Treasury .....                                      | 391.2          | 388.5          | 379.8          | 377.3          | 374.9          | 367.4          | 359.6          |
| Veterans Affairs .....                              | 47.1           | 45.2           | 51.2           | 53.6           | 56.2           | 61.1           | 60.6           |
| Corps of Engineers .....                            | 4.3            | 4.6            | 4.9            | 5.1            | 5.2            | 5.3            | 5.2            |
| Other Defense Civil Programs .....                  | 32.9           | 34.4           | 35.4           | 41.2           | 42.4           | 43.7           | 44.9           |
| Environmental Protection Agency .....               | 7.2            | 7.5            | 7.7            | 8.0            | 8.1            | 8.4            | 8.6            |
| Executive Office of the President .....             | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.4            |
| Federal Emergency Management Agency .....           | 3.1            | 3.1            | 3.4            | 3.4            | 3.1            | 3.0            | 2.6            |
| General Services Administration .....               | *              | 0.6            | -0.1           | 0.5            | 0.6            | 0.7            | 0.7            |
| International Assistance Programs .....             | 12.1           | 11.4           | 12.2           | 12.7           | 12.9           | 12.8           | 13.1           |
| National Aeronautics and Space Administration ..... | 13.4           | 13.8           | 14.3           | 14.8           | 15.2           | 15.5           | 15.9           |
| National Science Foundation .....                   | 3.5            | 4.0            | 4.4            | 4.6            | 4.8            | 4.8            | 4.8            |
| Office of Personnel Management .....                | 48.7           | 51.0           | 53.3           | 56.3           | 59.4           | 62.8           | 66.0           |
| Small Business Administration .....                 | -0.4           | -1.0           | 0.9            | 0.9            | 0.9            | 0.9            | 1.0            |
| Social Security Administration .....                | 441.8          | 463.0          | 488.1          | 511.5          | 537.5          | 567.9          | 595.7          |
| On-Budget .....                                     | (45.6)         | (41.1)         | (47.1)         | (49.2)         | (51.8)         | (56.8)         | (57.1)         |
| Off-Budget .....                                    | (396.2)        | (421.9)        | (441.0)        | (462.3)        | (485.7)        | (511.0)        | (538.6)        |
| Other Independent Agencies .....                    | 10.6           | 4.9            | 19.2           | 17.3           | 17.8           | 18.5           | 18.7           |
| On-Budget .....                                     | (8.5)          | (2.3)          | (16.2)         | (17.8)         | (18.5)         | (19.8)         | (20.5)         |
| Off-Budget .....                                    | (2.0)          | (2.6)          | (3.1)          | (-0.5)         | (-0.7)         | (-1.3)         | (-1.8)         |
| Undistributed Offsetting Receipts .....             | -172.8         | -190.2         | -204.2         | -226.4         | -242.9         | -252.5         | -271.5         |
| On-Budget .....                                     | (-105.4)       | (-113.4)       | (-119.2)       | (-131.8)       | (-137.2)       | (-134.4)       | (-139.9)       |
| Off-Budget .....                                    | (-67.4)        | (-76.8)        | (-85.0)        | (-94.6)        | (-105.7)       | (-118.1)       | (-131.6)       |
| <b>Total .....</b>                                  | <b>1,788.8</b> | <b>1,853.1</b> | <b>1,938.1</b> | <b>1,990.6</b> | <b>2,050.8</b> | <b>2,130.0</b> | <b>2,182.3</b> |
| On-Budget .....                                     | (1,458.1)      | (1,505.3)      | (1,579.1)      | (1,623.3)      | (1,671.5)      | (1,738.3)      | (1,777.1)      |
| Off-Budget .....                                    | (330.8)        | (347.7)        | (359.0)        | (367.3)        | (379.3)        | (391.6)        | (405.2)        |

\* \$50 million or less.

Table 14-9. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION

(in billions of dollars)

| Function   | 2000<br>Actual | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| National defense:  |                |                |                |                |                |                |                |
| Department of Defense—Military .....                       | 290.5          | 295.1          | 304.9          | 313.3          | 322.1          | 331.1          | 340.5          |
| Other .....  | 13.6           | 15.6           | 16.3           | 16.5           | 16.6           | 16.9           | 17.2           |
| Total, National defense .....                              | 304.1          | 310.6          | 321.1          | 329.8          | 338.6          | 348.0          | 357.6          |
| International affairs .....                                | 22.6           | 18.6           | 21.7           | 22.1           | 22.3           | 23.0           | 23.8           |
| General science, space, and technology .....               | 19.3           | 21.0           | 21.5           | 22.0           | 22.4           | 22.9           | 23.4           |
| Energy .....   | -1.2           | -0.9           | -0.1           | 0.1            | -0.4           | -0.2           | 0.2            |
| Natural resources and environment .....                    | 25.0           | 28.5           | 29.8           | 30.6           | 31.6           | 32.5           | 33.4           |
| Agriculture .....  | 33.7           | 29.3           | 16.3           | 14.4           | 14.6           | 15.0           | 15.5           |
| Commerce and housing credit .....                          | 15.4           | -6.5           | 11.1           | 9.1            | 7.6            | 7.6            | 7.6            |
| On-Budget .....  | (11.7)         | (-11.3)        | (8.6)          | (7.1)          | (6.7)          | (6.7)          | (6.6)          |
| Off-Budget .....   | (3.7)          | (4.8)          | (2.5)          | (1.9)          | (0.9)          | (0.9)          | (1.0)          |
| Transportation .....                                       | 55.4           | 61.5           | 64.8           | 62.3           | 62.9           | 63.6           | 64.3           |
| Community and regional development .....                   | 11.3           | 10.4           | 11.6           | 11.8           | 12.0           | 12.2           | 12.5           |
| Education, training, employment, and social services ..... | 55.2           | 70.3           | 78.7           | 80.4           | 82.0           | 84.4           | 86.9           |
| Health .....   | 161.5          | 178.9          | 193.0          | 211.3          | 226.6          | 244.4          | 262.3          |
| Medicare .....   | 200.6          | 219.0          | 229.9          | 242.4          | 255.8          | 274.9          | 283.8          |
| Income security .....                                      | 243.6          | 261.9          | 273.5          | 286.0          | 297.5          | 309.8          | 318.2          |
| Social security .....                                      | 412.0          | 435.3          | 456.9          | 479.2          | 503.9          | 530.5          | 559.5          |
| On-Budget .....  | (13.3)         | (11.7)         | (14.2)         | (14.9)         | (16.1)         | (17.2)         | (18.4)         |
| Off-Budget .....   | (398.8)        | (423.6)        | (442.7)        | (464.3)        | (487.8)        | (513.3)        | (541.1)        |
| Veterans benefits and services .....                       | 45.5           | 47.7           | 51.7           | 54.0           | 56.4           | 58.7           | 60.9           |
| Administration of justice .....                            | 26.7           | 30.4           | 32.8           | 32.6           | 35.4           | 36.5           | 37.7           |
| General government .....                                   | 13.5           | 16.2           | 16.6           | 17.1           | 17.7           | 18.2           | 18.8           |
| Net interest .....   | 223.2          | 206.3          | 186.5          | 169.5          | 149.5          | 125.0          | 98.5           |
| On-Budget .....  | (283.0)        | (275.2)        | (262.6)        | (254.9)        | (245.4)        | (232.4)        | (218.6)        |
| Off-Budget .....   | (-59.8)        | (-68.9)        | (-76.1)        | (-85.4)        | (-95.9)        | (-107.3)       | (-120.1)       |
| Undistributed offsetting receipts .....                    | -42.6          | -47.7          | -51.8          | -60.7          | -62.4          | -56.2          | -57.8          |
| On-Budget .....  | (-34.9)        | (-39.8)        | (-42.9)        | (-51.5)        | (-52.5)        | (-45.5)        | (-46.3)        |
| Off-Budget .....   | (-7.6)         | (-7.9)         | (-8.9)         | (-9.2)         | (-9.9)         | (-10.7)        | (-11.4)        |
| <b>Total .....</b>   | <b>1,825.0</b> | <b>1,890.9</b> | <b>1,965.7</b> | <b>2,014.0</b> | <b>2,074.0</b> | <b>2,150.7</b> | <b>2,207.5</b> |
| On-Budget .....  | (1,489.9)      | (1,539.2)      | (1,605.4)      | (1,642.3)      | (1,691.0)      | (1,754.6)      | (1,796.9)      |
| Off-Budget .....   | (335.0)        | (351.7)        | (360.3)        | (371.6)        | (383.0)        | (396.1)        | (410.5)        |
| <b>MEMORANDUM</b>  |                |                |                |                |                |                |                |
| Discretionary budget authority:                            |                |                |                |                |                |                |                |
| National defense .....                                     | 300.8          | 311.3          | 321.3          | 330.0          | 339.2          | 348.6          | 358.3          |
| International .....  | 23.5           | 22.7           | 23.2           | 23.7           | 24.3           | 24.8           | 25.4           |
| Domestic .....   | 260.1          | 301.0          | 316.0          | 324.7          | 333.8          | 343.3          | 353.2          |
| <b>Total, discretionary .....</b>                          | <b>584.4</b>   | <b>634.9</b>   | <b>660.6</b>   | <b>678.4</b>   | <b>697.3</b>   | <b>716.7</b>   | <b>736.8</b>   |

Table 14–10. CURRENT SERVICES BUDGET AUTHORITY BY AGENCY

(in billions of dollars)

| Function  | 2000<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| Legislative Branch .....                            | 2.8            | 3.1            | 3.1            | 3.2            | 3.3            | 3.4            | 3.5            |
| Judicial Branch .....                               | 4.1            | 4.4            | 4.6            | 4.7            | 4.8            | 5.0            | 5.1            |
| Agriculture .....                                   | 75.8           | 72.6           | 61.7           | 62.3           | 64.4           | 66.7           | 69.1           |
| Commerce .....                                      | 8.8            | 5.2            | 5.4            | 5.5            | 5.7            | 5.9            | 6.0            |
| Defense—Military .....                              | 290.5          | 295.1          | 304.9          | 313.3          | 322.1          | 331.1          | 340.5          |
| Education .....                                     | 32.2           | 40.3           | 48.0           | 48.8           | 49.6           | 50.9           | 52.2           |
| Energy .....  | 15.3           | 17.4           | 17.9           | 18.2           | 18.6           | 18.9           | 19.3           |
| Health and Human Services .....                     | 392.4          | 433.9          | 459.1          | 484.3          | 514.1          | 550.2          | 577.2          |
| Housing and Urban Development .....                 | 24.3           | 24.6           | 36.1           | 35.2           | 35.4           | 36.4           | 36.9           |
| Interior .....                                      | 8.4            | 9.5            | 10.3           | 10.5           | 10.8           | 11.2           | 11.6           |
| Justice .....                                       | 18.7           | 21.5           | 23.4           | 22.9           | 24.0           | 24.8           | 25.5           |
| Labor .....   | 30.7           | 39.2           | 42.8           | 43.6           | 45.2           | 47.2           | 49.3           |
| State .....   | 8.3            | 8.1            | 8.3            | 8.5            | 8.7            | 8.9            | 9.2            |
| Transportation .....                                | 54.7           | 61.0           | 64.7           | 61.8           | 62.4           | 63.1           | 63.7           |
| Treasury .....                                      | 392.3          | 389.7          | 381.0          | 378.7          | 376.2          | 369.0          | 361.3          |
| Veterans Affairs .....                              | 45.5           | 47.5           | 51.6           | 53.9           | 56.3           | 58.6           | 60.8           |
| Corps of Engineers .....                            | 4.1            | 4.6            | 4.7            | 4.9            | 5.0            | 5.1            | 5.2            |
| Other Defense Civil Programs .....                  | 33.0           | 34.5           | 35.5           | 42.6           | 43.9           | 45.2           | 46.6           |
| Environmental Protection Agency .....               | 7.3            | 7.6            | 7.8            | 8.0            | 8.3            | 8.5            | 8.7            |
| Executive Office of the President .....             | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.3            | 0.4            |
| Federal Emergency Management Agency .....           | 3.3            | 2.2            | 2.2            | 2.4            | 2.4            | 2.5            | 2.5            |
| General Services Administration .....               | —*             | 0.4            | 0.4            | 0.8            | 0.8            | 0.8            | 0.8            |
| International Assistance Programs .....             | 14.1           | 11.7           | 12.3           | 12.5           | 12.4           | 12.8           | 13.4           |
| National Aeronautics and Space Administration ..... | 13.6           | 14.3           | 14.6           | 15.0           | 15.3           | 15.7           | 16.1           |
| National Science Foundation .....                   | 4.0            | 4.6            | 4.7            | 4.8            | 4.7            | 4.8            | 5.0            |
| Office of Personnel Management .....                | 50.5           | 53.3           | 56.0           | 59.0           | 61.9           | 65.0           | 68.2           |
| Small Business Administration .....                 | 0.1            | –0.8           | 0.9            | 0.9            | 1.0            | 1.0            | 1.0            |
| Social Security Administration .....                | 444.4          | 467.4          | 487.4          | 513.5          | 539.6          | 570.2          | 598.2          |
| On-Budget .....                                     | (45.6)         | (43.8)         | (44.7)         | (49.2)         | (51.8)         | (56.9)         | (57.1)         |
| Off-Budget .....                                    | (398.8)        | (423.6)        | (442.7)        | (464.3)        | (487.8)        | (513.3)        | (541.1)        |
| Other Independent Agencies .....                    | 18.3           | 8.1            | 19.9           | 20.0           | 19.4           | 20.1           | 21.6           |
| On-Budget .....                                     | (14.6)         | (3.2)          | (17.4)         | (18.0)         | (18.5)         | (19.3)         | (20.6)         |
| Off-Budget .....                                    | (3.7)          | (4.8)          | (2.5)          | (1.9)          | (0.9)          | (0.9)          | (1.0)          |
| Undistributed Offsetting Receipts .....             | –172.8         | –190.2         | –204.2         | –226.4         | –242.9         | –252.5         | –271.5         |
| On-Budget .....                                     | (–105.4)       | (–113.4)       | (–119.2)       | (–131.8)       | (–137.2)       | (–134.4)       | (–139.9)       |
| Off-Budget .....                                    | (–67.4)        | (–76.8)        | (–85.0)        | (–94.6)        | (–105.7)       | (–118.1)       | (–131.6)       |
| <b>Total .....</b>                                  | <b>1,825.0</b> | <b>1,890.9</b> | <b>1,965.7</b> | <b>2,014.0</b> | <b>2,074.0</b> | <b>2,150.7</b> | <b>2,207.5</b> |
| On-Budget .....                                     | (1,489.9)      | (1,539.2)      | (1,605.4)      | (1,642.3)      | (1,691.0)      | (1,754.6)      | (1,796.9)      |
| Off-Budget .....                                    | (335.0)        | (351.7)        | (360.3)        | (371.6)        | (383.0)        | (396.1)        | (410.5)        |

\* \$50 million or less.

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>050 National defense:</b>  |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>  |                |          |         |         |         |         |         |
| Military personnel .....  | 73,838         | 75,435   | 78,881  | 81,550  | 84,310  | 87,169  | 90,131  |
| Operation and maintenance .....   | 108,108        | 107,954  | 111,522 | 114,711 | 118,134 | 121,667 | 125,328 |
| Procurement .....   | 54,972         | 62,111   | 63,416  | 64,746  | 66,108  | 67,496  | 68,913  |
| Research, development, test and evaluation .....  | 38,707         | 40,829   | 41,796  | 42,747  | 43,727  | 44,737  | 45,766  |
| Military construction .....   | 5,107          | 5,336    | 5,549   | 5,678   | 5,808   | 5,943   | 6,083   |
| Family housing .....  | 3,544          | 3,623    | 3,700   | 3,778   | 3,861   | 3,942   | 4,029   |
| Revolving, management, and trust funds and other .....                                  | 3,060          | 1,044    | 1,119   | 1,148   | 1,202   | 1,232   | 1,262   |
| Total, Department of Defense—Military .....   | 287,336        | 296,332  | 305,983 | 314,358 | 323,150 | 332,186 | 341,512 |
| <b>Atomic energy defense activities:</b>  |                |          |         |         |         |         |         |
| Department of Energy .....  | 12,270         | 13,499   | 13,838  | 14,144  | 14,460  | 14,783  | 15,113  |
| Formerly utilized sites remedial action .....   | 150            | 140      | 143     | 146     | 149     | 152     | 155     |
| Defense nuclear facilities safety board .....   | 17             | 18       | 19      | 19      | 20      | 21      | 22      |
| Total, Atomic energy defense activities .....   | 12,437         | 13,657   | 14,000  | 14,309  | 14,629  | 14,956  | 15,290  |
| <b>Defense-related activities:</b>  |                |          |         |         |         |         |         |
| Discretionary programs .....  | 994            | 1,282    | 1,319   | 1,354   | 1,394   | 1,433   | 1,472   |
| Total, Discretionary .....  | 300,767        | 311,271  | 321,302 | 330,021 | 339,173 | 348,575 | 358,274 |
| <b>Mandatory:</b>   |                |          |         |         |         |         |         |
| <b>Department of Defense—Military:</b>  |                |          |         |         |         |         |         |
| Military personnel .....  |                |          | 24      | 24      | 24      | 24      | 24      |
| Revolving, trust and other DoD mandatory .....  | 4,924          | 326      | 323     | 410     | 320     | 319     | 317     |
| Offsetting receipts .....   | -1,764         | -1,598   | -1,457  | -1,449  | -1,408  | -1,437  | -1,395  |
| Total, Department of Defense—Military .....   | 3,160          | -1,272   | -1,110  | -1,015  | -1,064  | -1,094  | -1,054  |
| <b>Atomic energy defense activities:</b>  |                |          |         |         |         |         |         |
| Energy employee occupational illness compensation fund .....                            |                | 358      | 597     | 477     | 253     | 222     | 149     |
| Energy employee occupational illness compensation fund, administrative expenses .....   |                | 50       | 136     | 100     | 55      | 50      | 33      |
| Total, Atomic energy defense activities .....   |                | 408      | 733     | 577     | 308     | 272     | 182     |
| <b>Defense-related activities:</b>  |                |          |         |         |         |         |         |
| Mandatory programs .....  | 209            | 216      | 212     | 222     | 232     | 238     | 246     |
| Total, Mandatory .....  | 3,369          | -648     | -165    | -216    | -524    | -584    | -626    |
| <b>Total, National defense</b> .....  | 304,136        | 310,623  | 321,137 | 329,805 | 338,649 | 347,991 | 357,648 |
| <b>150 International affairs:</b>   |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>International development, humanitarian assistance:</b>                              |                |          |         |         |         |         |         |
| Development assistance and child survival and disease programs .....                    | 1,805          | 2,120    | 2,165   | 2,210   | 2,257   | 2,304   | 2,352   |
| Multilateral development banks (MDB's) .....  | 1,121          | 1,145    | 1,169   | 1,193   | 1,219   | 1,244   | 1,272   |
| Assistance for the New Independent States .....   | 528            | 808      | 825     | 842     | 860     | 878     | 897     |
| Food aid .....  | 839            | 835      | 853     | 870     | 889     | 907     | 926     |
| Refugee programs .....  | 635            | 713      | 728     | 744     | 759     | 776     | 793     |
| Assistance for Central and Eastern Europe .....   | 425            | 675      | 690     | 703     | 719     | 734     | 749     |
| Voluntary contributions to international organizations .....                            | 307            | 295      | 301     | 308     | 314     | 321     | 327     |
| Peace Corps .....   | 244            | 264      | 273     | 282     | 291     | 301     | 310     |
| International narcotics control and law enforcement—Andean counterdrug initiative ..... | 1,179          | 324      | 332     | 338     | 345     | 353     | 361     |
| Debt restructuring .....  | 123            | 447      | 456     | 466     | 477     | 486     | 495     |
| Other development and humanitarian assistance .....                                     | 835            | 805      | 831     | 850     | 856     | 880     | 901     |
| Total, International development, humanitarian assistance .....                         | 8,041          | 8,431    | 8,623   | 8,806   | 8,986   | 9,184   | 9,383   |
| <b>International security assistance:</b>   |                |          |         |         |         |         |         |
| Foreign military financing grants and loans .....                                       | 4,787          | 3,568    | 3,644   | 3,719   | 3,797   | 3,879   | 3,958   |
| Economic support fund .....   | 2,896          | 2,315    | 2,364   | 2,414   | 2,464   | 2,516   | 2,568   |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Other security assistance .....  | 564            | 496           | 507           | 516           | 528           | 539           | 550           |
| Total, International security assistance .....                           | 8,247          | 6,379         | 6,515         | 6,649         | 6,789         | 6,934         | 7,076         |
| <b>Conduct of foreign affairs:</b>                                       |                |               |               |               |               |               |               |
| State Department operations .....  | 3,033          | 3,276         | 3,403         | 3,481         | 3,583         | 3,691         | 3,801         |
| Foreign buildings .....  | 727            | 1,078         | 1,103         | 1,128         | 1,152         | 1,178         | 1,205         |
| Assessed contributions to international organizations .....              | 881            | 869           | 887           | 906           | 925           | 944           | 964           |
| Assessed contributions for international peacekeeping .....              | 498            | 844           | 862           | 880           | 898           | 917           | 936           |
| Arrearage payment for international organizations and peacekeeping ..... | 351            |               |               |               |               |               |               |
| Other conduct of foreign affairs .....                                   | 122            | 135           | 138           | 144           | 147           | 153           | 161           |
| Total, Conduct of foreign affairs .....                                  | 5,612          | 6,202         | 6,393         | 6,539         | 6,705         | 6,883         | 7,067         |
| <b>Foreign information and exchange activities:</b>                      |                |               |               |               |               |               |               |
| International broadcasting .....   | 406            | 450           | 464           | 480           | 493           | 510           | 524           |
| Other information and exchange activities .....                          | 361            | 286           | 292           | 299           | 307           | 314           | 321           |
| Total, Foreign information and exchange activities .....                 | 767            | 736           | 756           | 779           | 800           | 824           | 845           |
| <b>International financial programs:</b>                                 |                |               |               |               |               |               |               |
| Export-Import Bank .....   | 799            | 910           | 935           | 961           | 987           | 1,008         | 1,034         |
| Special defense acquisition fund .....                                   | -7             | -7            |               |               |               |               |               |
| Total, International financial programs .....                            | 792            | 903           | 935           | 961           | 987           | 1,008         | 1,034         |
| Total, Discretionary .....   | 23,459         | 22,651        | 23,222        | 23,734        | 24,267        | 24,833        | 25,405        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>International development, humanitarian assistance:</b>               |                |               |               |               |               |               |               |
| Credit liquidating accounts .....  | -1,246         | -1,280        | -1,205        | -1,166        | -1,127        | -1,067        | -1,022        |
| Receipts and other .....   | -54            | -98           | -9            | -9            | -9            | -9            | -9            |
| Total, International development, humanitarian assistance .....          | -1,300         | -1,378        | -1,214        | -1,175        | -1,136        | -1,076        | -1,031        |
| <b>International security assistance:</b>                                |                |               |               |               |               |               |               |
| Foreign military loan reestimates .....                                  | 186            | -208          |               |               |               |               |               |
| Foreign military loan liquidating account .....                          | -670           | -550          | -443          | -365          | -325          | -319          | -314          |
| Total, International security assistance .....                           | -484           | -758          | -443          | -365          | -325          | -319          | -314          |
| <b>Foreign affairs and information:</b>                                  |                |               |               |               |               |               |               |
| Conduct of foreign affairs .....   | 3              | 2             | -2            | -9            | -9            | -9            | -9            |
| Japan-U.S. Friendship Commission .....                                   | 3              | 3             | 3             | 3             | 3             | 3             | 3             |
| Vietnam debt repayment fund, transfers from liquidating fund .....       |                | -6            | -6            | -5            | -5            | -5            | -5            |
| Total, Foreign affairs and information .....                             | 6              | -1            | -5            | -11           | -11           | -11           | -11           |
| <b>International financial programs:</b>                                 |                |               |               |               |               |               |               |
| Foreign military sales trust fund (net) .....                            | 1,687          | 460           | 170           | 40            | -420          | -370          | -120          |
| Export-Import Bank—subsidy reestimates .....                             | -573           | -1,975        |               |               |               |               |               |
| Other international financial programs .....                             | -150           | -359          | -70           | -85           | -88           | -94           | -108          |
| Total, International financial programs .....                            | 964            | -1,874        | 100           | -45           | -508          | -464          | -228          |
| Total, Mandatory .....   | -814           | -4,011        | -1,562        | -1,596        | -1,980        | -1,870        | -1,584        |
| <b>Total, International affairs .....</b>                                | <b>22,645</b>  | <b>18,640</b> | <b>21,660</b> | <b>22,138</b> | <b>22,287</b> | <b>22,963</b> | <b>23,821</b> |
| <b>250 General science, space, and technology:</b>                       |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                               |                |               |               |               |               |               |               |
| National Science Foundation programs .....                               | 3,849          | 4,354         | 4,449         | 4,544         | 4,645         | 4,745         | 4,847         |
| Department of Energy general science programs .....                      | 2,813          | 3,179         | 3,250         | 3,320         | 3,392         | 3,467         | 3,542         |
| Total, General science and basic research .....                          | 6,662          | 7,533         | 7,699         | 7,864         | 8,037         | 8,212         | 8,389         |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Space flight, research, and supporting activities:</b>                           |                |               |               |               |               |               |               |
| Science, aeronautics and technology .....   | 4,964          | 5,663         | 5,782         | 5,903         | 6,027         | 6,154         | 6,283         |
| Human space flight .....  | 5,488          | 5,451         | 5,565         | 5,682         | 5,802         | 5,924         | 6,048         |
| Mission support .....   | 2,069          | 2,191         | 2,288         | 2,368         | 2,458         | 2,550         | 2,646         |
| Other NASA programs .....   | 20             | 23            | 24            | 25            | 26            | 27            | 28            |
| Total, Space flight, research, and supporting activities .....                      | 12,541         | 13,328        | 13,659        | 13,978        | 14,313        | 14,655        | 15,005        |
| Total, Discretionary .....  | 19,203         | 20,861        | 21,358        | 21,842        | 22,350        | 22,867        | 23,394        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>  |                |               |               |               |               |               |               |
| National Science Foundation donations .....   | 88             | 153           | 175           | 176           | 32            | 33            | 34            |
| <b>Space flight, research, and supporting activities:</b>                           |                |               |               |               |               |               |               |
| National Space Grant Program .....  |                | 3             |               |               |               |               |               |
| Total, Mandatory .....  | 88             | 156           | 175           | 176           | 32            | 33            | 34            |
| <b>Total, General science, space, and technology .....</b>                          | <b>19,291</b>  | <b>21,017</b> | <b>21,533</b> | <b>22,018</b> | <b>22,382</b> | <b>22,900</b> | <b>23,428</b> |
| <b>270 Energy:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Research and development .....  | 905            | 1,214         | 1,151         | 1,177         | 1,204         | 1,231         | 1,261         |
| Naval petroleum reserves operations .....   |                | 2             | 2             | 2             | 2             | 2             | 2             |
| Uranium enrichment activities .....   | 307            |               |               |               |               |               |               |
| Decontamination transfer .....  | -420           | -419          | -431          | -442          | -454          | -466          | -478          |
| Nuclear waste program .....   | 236            | 191           | 196           | 200           | 204           | 209           | 213           |
| Federal power marketing .....   | 231            | 180           | 181           | 193           | 199           | 204           | 213           |
| Elk Hills school lands fund .....   |                | 36            | 37            | 38            | 38            | 39            | 40            |
| Rural electric and telephone discretionary loans .....                              | 44             | 67            | 69            | 72            | 75            | 78            | 80            |
| Non-defense environmental management and other .....                                | 282            | 666           | 683           | 697           | 713           | 727           | 742           |
| Total, Energy supply .....  | 1,585          | 1,937         | 1,888         | 1,937         | 1,981         | 2,024         | 2,073         |
| <b>Energy conservation and preparedness:</b>  |                |               |               |               |               |               |               |
| Energy conservation .....   | 737            | 815           | 833           | 851           | 870           | 890           | 909           |
| Emergency energy preparedness .....   | 158            | 149           | 169           | 173           | 177           | 181           | 185           |
| Total, Energy conservation and preparedness .....                                   | 895            | 964           | 1,002         | 1,024         | 1,047         | 1,071         | 1,094         |
| <b>Energy information, policy, and regulation:</b>                                  |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....   | 24             | 34            | 38            | 49            | 62            | 75            | 399           |
| Federal Energy Regulatory Commission fees and recoveries, and other .....           | -18            | -25           | -26           | -27           | -27           | -28           | -29           |
| Department of Energy departmental administration, OIG, and EIA administration ..... | 220            | 185           | 193           | 199           | 207           | 214           | 222           |
| Total, Energy information, policy, and regulation .....                             | 226            | 194           | 205           | 221           | 242           | 261           | 592           |
| Total, Discretionary .....  | 2,706          | 3,095         | 3,095         | 3,182         | 3,270         | 3,356         | 3,759         |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Naval petroleum reserves oil and gas sales .....                                    | -10            | -8            | -8            |               |               |               |               |
| Federal power marketing .....   | -729           | -840          | -692          | -715          | -801          | -769          | -799          |
| Tennessee Valley Authority .....  | -446           | -550          | -282          | -473          | -976          | -1,032        | -1,100        |
| United States Enrichment Corporation .....  | -5             |               |               |               |               |               |               |
| Nuclear waste fund program .....  | -702           | -620          | -640          | -625          | -612          | -637          | -621          |
| Research and development .....  | 5              |               |               |               |               |               |               |
| Rural electric and telephone liquidating accounts .....                             | -2,000         | -1,768        | -1,589        | -1,284        | -1,260        | -1,127        | -997          |
| Rural electric and telephone loan subsidy reestimates .....                         |                | -161          |               |               |               |               |               |
| Total, Energy supply .....  | -3,887         | -3,947        | -3,211        | -3,097        | -3,649        | -3,565        | -3,517        |

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

| Function and Program  | 2000 Actual | Estimate |        |        |        |        |        |
|---|-------------|----------|--------|--------|--------|--------|--------|
|   |             | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>Energy information, policy, and regulation:</b>                    |             |          |        |        |        |        |        |
| Miscellaneous revenues, departmental administration .....             | -3          |          |        |        |        |        |        |
| Total, Mandatory .....  | -3,890      | -3,947   | -3,211 | -3,097 | -3,649 | -3,565 | -3,517 |
| <b>Total, Energy</b> .....  | -1,184      | -852     | -116   | 85     | -379   | -209   | 242    |
| <b>300 Natural resources and environment:</b>                         |             |          |        |        |        |        |        |
| <b>Discretionary:</b>   |             |          |        |        |        |        |        |
| <b>Water resources:</b>   |             |          |        |        |        |        |        |
| Corps of Engineers .....  | 3,936       | 4,374    | 4,520  | 4,646  | 4,779  | 4,910  | 5,048  |
| Bureau of Reclamation .....   | 768         | 776      | 801    | 823    | 847    | 870    | 895    |
| Watershed, flood prevention, and other .....                          | 217         | 265      | 276    | 284    | 292    | 299    | 310    |
| Total, Water resources .....  | 4,921       | 5,415    | 5,597  | 5,753  | 5,918  | 6,079  | 6,253  |
| <b>Conservation and land management:</b>                              |             |          |        |        |        |        |        |
| Forest Service .....  | 3,032       | 4,243    | 4,400  | 4,535  | 4,682  | 4,836  | 4,996  |
| Management of public lands (BLM) .....                                | 1,301       | 1,916    | 1,983  | 2,041  | 2,106  | 2,172  | 2,242  |
| Conservation of agricultural lands .....                              | 701         | 760      | 795    | 823    | 856    | 889    | 924    |
| Other conservation and land management programs .....                 | 582         | 810      | 832    | 856    | 879    | 903    | 929    |
| Total, Conservation and land management .....                         | 5,616       | 7,729    | 8,010  | 8,255  | 8,523  | 8,800  | 9,091  |
| <b>Recreational resources:</b>  |             |          |        |        |        |        |        |
| Operation of recreational resources .....                             | 2,829       | 3,389    | 3,504  | 3,611  | 3,728  | 3,846  | 3,973  |
| Other recreational resources activities .....                         | 201         | 184      | 187    | 192    | 197    | 202    | 207    |
| Total, Recreational resources .....                                   | 3,030       | 3,573    | 3,691  | 3,803  | 3,925  | 4,048  | 4,180  |
| <b>Pollution control and abatement:</b>                               |             |          |        |        |        |        |        |
| Regulatory, enforcement, and research programs .....                  | 2,680       | 2,877    | 2,979  | 3,072  | 3,169  | 3,271  | 3,378  |
| State and tribal assistance grants .....                              | 3,448       | 3,621    | 3,696  | 3,775  | 3,855  | 3,935  | 4,018  |
| Hazardous substance superfund .....                                   | 1,400       | 1,267    | 1,303  | 1,338  | 1,373  | 1,411  | 1,448  |
| Other control and abatement activities .....                          | 144         | 145      | 147    | 152    | 156    | 159    | 162    |
| Total, Pollution control and abatement .....                          | 7,672       | 7,910    | 8,125  | 8,337  | 8,553  | 8,776  | 9,006  |
| <b>Other natural resources:</b>                                       |             |          |        |        |        |        |        |
| NOAA .....  | 2,459       | 3,043    | 3,134  | 3,219  | 3,310  | 3,402  | 3,494  |
| Other natural resource program activities .....                       | 948         | 1,017    | 1,056  | 1,090  | 1,127  | 1,169  | 1,208  |
| Total, Other natural resources .....                                  | 3,407       | 4,060    | 4,190  | 4,309  | 4,437  | 4,571  | 4,702  |
| Total, Discretionary .....  | 24,646      | 28,687   | 29,613 | 30,457 | 31,356 | 32,274 | 33,232 |
| <b>Mandatory:</b>   |             |          |        |        |        |        |        |
| <b>Water resources:</b>   |             |          |        |        |        |        |        |
| Offsetting receipts and other mandatory water resource programs ..... | -118        | -173     | -83    | -81    | -117   | -134   | -143   |
| <b>Conservation and land management:</b>                              |             |          |        |        |        |        |        |
| Conservation Reserve Program and other .....                          | 1,848       | 2,104    | 2,050  | 2,022  | 2,112  | 2,124  | 2,115  |
| Other conservation programs .....                                     | 349         | 516      | 519    | 507    | 509    | 511    | 509    |
| Offsetting receipts .....   | -2,075      | -3,001   | -2,791 | -2,784 | -2,798 | -2,816 | -2,796 |
| Total, Conservation and land management .....                         | 122         | -381     | -222   | -255   | -177   | -181   | -172   |
| <b>Recreational resources:</b>  |             |          |        |        |        |        |        |
| Operation of recreational resources .....                             | 932         | 990      | 1,004  | 902    | 923    | 948    | 969    |
| Offsetting receipts .....   | -359        | -458     | -374   | -309   | -312   | -313   | -315   |
| Total, Recreational resources .....                                   | 573         | 532      | 630    | 593    | 611    | 635    | 654    |
| <b>Pollution control and abatement:</b>                               |             |          |        |        |        |        |        |
| Superfund resources and other mandatory .....                         | -182        | -148     | -127   | -127   | -127   | -127   | -127   |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Other natural resources:</b>                              |                |               |               |               |               |               |               |
| Fees and mandatory programs .....                            | -10            | 3             | 4             | 5             | 4             | 5             | 5             |
| Total, Mandatory .....                                       | 385            | -167          | 202           | 135           | 194           | 198           | 217           |
| <b>Total, Natural resources and environment .....</b>        | <b>25,031</b>  | <b>28,520</b> | <b>29,815</b> | <b>30,592</b> | <b>31,550</b> | <b>32,472</b> | <b>33,449</b> |
| <b>350 Agriculture:</b>                                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Agriculture credit loan program .....                        | 475            | 389           | 407           | 421           | 437           | 453           | 470           |
| P.L.480 market development activities .....                  | 104            | 135           | 137           | 141           | 143           | 147           | 150           |
| Administrative expenses .....                                | 947            | 951           | 980           | 1,006         | 1,035         | 1,063         | 1,093         |
| Total, Farm income stabilization .....                       | 1,526          | 1,475         | 1,524         | 1,568         | 1,615         | 1,663         | 1,713         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Research and education programs .....                        | 1,375          | 1,484         | 1,534         | 1,576         | 1,624         | 1,672         | 1,722         |
| Integrated research, education, and extension programs ..... | 40             | 42            | 43            | 44            | 45            | 46            | 46            |
| Extension programs .....                                     | 424            | 432           | 442           | 451           | 461           | 470           | 481           |
| Marketing programs .....                                     | 53             | 66            | 69            | 70            | 73            | 76            | 78            |
| Animal and plant inspection programs .....                   | 660            | 866           | 899           | 927           | 959           | 990           | 1,023         |
| Economic intelligence .....                                  | 163            | 167           | 173           | 180           | 186           | 193           | 199           |
| Grain inspection and packers program .....                   | 26             | 32            | 33            | 33            | 34            | 35            | 36            |
| Foreign agricultural service .....                           | 125            | 115           | 120           | 124           | 128           | 132           | 137           |
| Other programs and unallocated overhead .....                | 333            | 432           | 448           | 466           | 481           | 493           | 509           |
| Total, Agricultural research and services .....              | 3,199          | 3,636         | 3,761         | 3,871         | 3,991         | 4,107         | 4,231         |
| Total, Discretionary .....                                   | 4,725          | 5,111         | 5,285         | 5,439         | 5,606         | 5,770         | 5,944         |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                           | 28,534         | 21,565        | 8,309         | 6,035         | 5,933         | 5,963         | 6,057         |
| Crop insurance and other farm credit activities .....        | 1,033          | 3,070         | 3,046         | 3,213         | 3,376         | 3,532         | 3,732         |
| Credit liquidating accounts (ACIF and FAC) .....             | -866           | -851          | -811          | -772          | -741          | -708          | -676          |
| Total, Farm income stabilization .....                       | 28,701         | 23,784        | 10,544        | 8,476         | 8,568         | 8,787         | 9,113         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                       | 441            | 590           | 625           | 637           | 575           | 582           | 588           |
| Offsetting receipts .....                                    | -160           | -200          | -162          | -160          | -160          | -158          | -158          |
| Total, Agricultural research and services .....              | 281            | 390           | 463           | 477           | 415           | 424           | 430           |
| Total, Mandatory .....                                       | 28,982         | 24,174        | 11,007        | 8,953         | 8,983         | 9,211         | 9,543         |
| <b>Total, Agriculture .....</b>                              | <b>33,707</b>  | <b>29,285</b> | <b>16,292</b> | <b>14,392</b> | <b>14,589</b> | <b>14,981</b> | <b>15,487</b> |
| <b>370 Commerce and housing credit:</b>                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                      |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs .....     | -1,142         | -1,261        | -1,389        | -1,603        | -1,770        | -1,844        | -1,750        |
| Government National Mortgage Association (GNMA) .....        | -303           | -347          | -332          | -331          | -331          | -330          | -330          |
| Other housing and urban development .....                    | -56            | -97           | -139          | -139          | -139          | -138          | -138          |
| Rural housing insurance fund .....                           | 585            | 662           | 686           | 707           | 730           | 754           | 780           |
| Total, Mortgage credit .....                                 | -916           | -1,043        | -1,174        | -1,366        | -1,510        | -1,558        | -1,438        |
| <b>Postal service:</b>                                       |                |               |               |               |               |               |               |
| Payments to the Postal Service fund (On-budget) .....        | 100            | 93            | 97            | 98            | 101           | 103           | 105           |
| <b>Deposit insurance:</b>                                    |                |               |               |               |               |               |               |
| National credit union administration .....                   | 1              | 1             | 1             | 1             | 1             | 1             | 1             |
| <b>Other advancement of commerce:</b>                        |                |               |               |               |               |               |               |
| Small and minority business assistance .....                 | 602            | 715           | 757           | 774           | 790           | 807           | 824           |
| Science and technology .....                                 | 653            | 616           | 637           | 655           | 679           | 699           | 722           |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |              |              |              |              |
|--|----------------|---------------|---------------|--------------|--------------|--------------|--------------|
|  |                | 2001          | 2002          | 2003         | 2004         | 2005         | 2006         |
| Economic and demographic statistics .....                        | 4,798          | 482           | 500           | 519          | 537          | 555          | 575          |
| Regulatory agencies .....  | -379           | -465          | -495          | -548         | -553         | -656         | -772         |
| International Trade Administration .....                         | 320            | 333           | 345           | 357          | 368          | 381          | 395          |
| Patent and trademark salaries and expenses .....                 | -120           | -113          | -207          | -181         | -177         | -167         | -186         |
| Other discretionary .....  | 56             | 68            | 141           | 145          | 151          | 156          | 163          |
| Total, Other advancement of commerce .....                       | 5,930          | 1,636         | 1,678         | 1,721        | 1,795        | 1,775        | 1,721        |
| Total, Discretionary .....                                       | 5,115          | 687           | 602           | 454          | 387          | 321          | 389          |
| <b>Mandatory:</b>  |                |               |               |              |              |              |              |
| <b>Mortgage credit:</b>  |                |               |               |              |              |              |              |
| FHA General and special risk negative subsidies .....            |                | -304          | -200          | -42          | -99          | -17          | -15          |
| FHA mutual mortgage insurance receipts (intragovernmental) ..... |                | -4,027        |               | -77          | -238         | -408         | -580         |
| GNMA receipts (intragovernmental) .....                          |                | -6,610        | -439          | -405         | -429         | -453         | -479         |
| Indian housing loan guarantee receipts .....                     |                | -6            |               |              |              |              |              |
| Mortgage credit reestimates .....                                |                | 4,073         |               |              |              |              |              |
| FHA general and special risk insurance liquidating account ..... | 1,306          | 1,138         | 1,950         | 2,210        | 1,436        | 1,150        | 784          |
| Other credit liquidating accounts .....                          | 610            | 495           | 761           | -1,526       | -1,427       | -1,512       | -1,628       |
| Other mortgage credit activities .....                           |                | 274           |               |              |              |              |              |
| Total, Mortgage credit .....                                     | 1,916          | -4,967        | 2,072         | 160          | -757         | -1,240       | -1,918       |
| <b>Postal service:</b>   |                |               |               |              |              |              |              |
| Postal Service (Off-budget) .....                                | 3,712          | 4,840         | 2,519         | 1,944        | 916          | 879          | 1,006        |
| <b>Deposit insurance:</b>  |                |               |               |              |              |              |              |
| Bank Insurance Fund .....  | -25            | -26           | -26           | -26          | -26          | -27          | -27          |
| FSLIC Resolution Fund .....                                      | -4             | -4            | -4            | -4           | -4           | -4           | -4           |
| Savings Association Insurance Fund .....                         | -4             | -4            | -4            | -4           | -3           | -4           | -4           |
| Other deposit insurance activities .....                         | 34             | 34            | 34            | 36           | 37           | 38           | 39           |
| Total, Deposit insurance .....                                   | 1              |               |               | 2            | 4            | 3            | 4            |
| <b>Other advancement of commerce:</b>                            |                |               |               |              |              |              |              |
| Universal service fund .....                                     | 4,547          | 5,599         | 5,638         | 6,171        | 6,730        | 7,309        | 7,906        |
| Payments to copyright owners .....                               | 214            | 230           | 239           | 253          | 265          | 229          | 186          |
| Spectrum auction subsidy .....                                   |                | -12,219       | 8             | 8            | 8            | 8            | 8            |
| Regulatory fees .....  | -26            | -26           | -26           | -26          | -26          | -26          | -26          |
| Credit liquidating accounts .....                                | 4              | 5             | 2             | 1            | 1            | 1            | 1            |
| Business loan program, subsidy reestimate .....                  | -284           | -722          |               |              |              |              |              |
| Other mandatory .....  | 233            | 104           | 94            | 94           | 94           | 94           | 94           |
| Total, Other advancement of commerce .....                       | 4,688          | -7,029        | 5,955         | 6,501        | 7,072        | 7,615        | 8,169        |
| Total, Mandatory .....   | 10,317         | -7,156        | 10,546        | 8,607        | 7,235        | 7,257        | 7,261        |
| <b>Total, Commerce and housing credit .....</b>                  | <b>15,432</b>  | <b>-6,469</b> | <b>11,148</b> | <b>9,061</b> | <b>7,622</b> | <b>7,578</b> | <b>7,650</b> |
| <b>400 Transportation:</b>                                       |                |               |               |              |              |              |              |
| <b>Discretionary:</b>  |                |               |               |              |              |              |              |
| <b>Ground transportation:</b>                                    |                |               |               |              |              |              |              |
| Highways .....   | 2              | 2,759         | 2,817         | 2,876        | 2,936        | 2,998        | 3,062        |
| Highway safety .....   | 88             | 119           | 123           | 126          | 129          | 133          | 136          |
| Mass transit .....   | 1,166          | 1,255         | 1,280         | 1,310        | 1,335        | 1,363        | 1,391        |
| Railroads .....  | 739            | 753           | 772           | 789          | 807          | 825          | 846          |
| Regulation .....   | 16             | 17            | 18            | 18           | 19           | 20           | 20           |
| Total, Ground transportation .....                               | 2,011          | 4,903         | 5,010         | 5,119        | 5,226        | 5,339        | 5,455        |
| <b>Air transportation:</b>                                       |                |               |               |              |              |              |              |
| Airports and airways (FAA) .....                                 | 8,147          | 9,369         | 9,739         | 10,060       | 10,404       | 10,765       | 11,139       |
| Aeronautical research and technology .....                       | 1,060          | 926           | 955           | 980          | 1,008        | 1,037        | 1,066        |
| Total, Air transportation .....                                  | 9,207          | 10,295        | 10,694        | 11,040       | 11,412       | 11,802       | 12,205       |
| <b>Water transportation:</b>                                     |                |               |               |              |              |              |              |
| Marine safety and transportation .....                           | 3,609          | 3,327         | 3,456         | 3,563        | 3,678        | 3,789        | 3,908        |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Ocean shipping .....  | 110            | 142           | 148           | 151           | 157           | 162           | 168           |
| Total, Water transportation .....                           | 3,719          | 3,469         | 3,604         | 3,714         | 3,835         | 3,951         | 4,076         |
| <b>Other transportation:</b>                                |                |               |               |               |               |               |               |
| Department of Transportation administration and other ..... | 235            | 245           | 254           | 264           | 273           | 283           | 292           |
| Total, Discretionary .....                                  | 15,172         | 18,912        | 19,562        | 20,137        | 20,746        | 21,375        | 22,028        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Ground transportation:</b>                               |                |               |               |               |               |               |               |
| Highways .....  | 30,002         | 33,584        | 35,354        | 31,474        | 31,474        | 31,474        | 31,474        |
| Highway safety .....  | 460            | 553           | 685           | 581           | 581           | 581           | 581           |
| Mass transit .....  | 6,285          | 5,017         | 5,398         | 5,781         | 5,781         | 5,781         | 5,781         |
| Offsetting receipts and credit subsidy reestimates .....    | -99            | -33           | -33           | -33           | -33           | -33           | -33           |
| Credit liquidating accounts .....                           | -50            | -29           | -29           | -29           | -29           | -29           | -24           |
| Total, Ground transportation .....                          | 36,598         | 39,092        | 41,375        | 37,774        | 37,774        | 37,774        | 37,779        |
| <b>Air transportation:</b>                                  |                |               |               |               |               |               |               |
| Airports and airways (FAA) .....                            | 2,799          | 2,607         | 3,290         | 3,390         | 3,390         | 3,390         | 3,390         |
| Payments to air carriers .....                              |                | 50            | 40            | 40            | 40            | 40            | 40            |
| Total, Air transportation .....                             | 2,799          | 2,657         | 3,330         | 3,430         | 3,430         | 3,430         | 3,430         |
| <b>Water transportation:</b>                                |                |               |               |               |               |               |               |
| Coast Guard retired pay .....                               | 730            | 778           | 876           | 955           | 990           | 1,029         | 1,069         |
| Other water transportation programs .....                   | 78             | 51            | 17            | -8            | -11           | -13           | -15           |
| Total, Water transportation .....                           | 808            | 829           | 893           | 947           | 979           | 1,016         | 1,054         |
| <b>Other transportation:</b>                                |                |               |               |               |               |               |               |
| Sale of Governors Island .....                              |                |               | -340          |               |               |               |               |
| Other mandatory transportation programs .....               | -1             | -1            | -1            | -1            | -1            | -1            | -1            |
| Total, Other transportation .....                           | -1             | -1            | -341          | -1            | -1            | -1            | -1            |
| Total, Mandatory .....                                      | 40,204         | 42,577        | 45,257        | 42,150        | 42,182        | 42,219        | 42,262        |
| <b>Total, Transportation</b> .....                          | <b>55,376</b>  | <b>61,489</b> | <b>64,819</b> | <b>62,287</b> | <b>62,928</b> | <b>63,594</b> | <b>64,290</b> |
| <b>450 Community and regional development:</b>              |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                       |                |               |               |               |               |               |               |
| <b>Community development:</b>                               |                |               |               |               |               |               |               |
| Community development block grant .....                     | 4,809          | 5,113         | 5,220         | 5,330         | 5,442         | 5,556         | 5,673         |
| Community development loan guarantees .....                 | 30             | 30            | 31            | 31            | 32            | 33            | 33            |
| Community adjustment and investment program .....           | 8              |               |               |               |               |               |               |
| Community development financial institutions .....          | 115            | 118           | 120           | 123           | 126           | 129           | 131           |
| Brownfields redevelopment .....                             | 25             | 25            | 26            | 26            | 27            | 27            | 28            |
| Other community development programs .....                  | 410            | 570           | 585           | 599           | 614           | 630           | 646           |
| Total, Community development .....                          | 5,397          | 5,856         | 5,982         | 6,109         | 6,241         | 6,375         | 6,511         |
| <b>Area and regional development:</b>                       |                |               |               |               |               |               |               |
| Rural development .....                                     | 895            | 1,191         | 1,217         | 1,245         | 1,273         | 1,303         | 1,334         |
| Economic Development Administration .....                   | 451            | 449           | 459           | 468           | 480           | 491           | 501           |
| Indian programs .....                                       | 1,211          | 1,415         | 1,452         | 1,487         | 1,524         | 1,561         | 1,600         |
| Appalachian Regional Commission .....                       | 66             | 77            | 79            | 80            | 82            | 84            | 86            |
| Denali Commission .....                                     | 25             | 41            | 42            | 42            | 44            | 45            | 45            |
| Delta Regional Authority .....                              |                | 20            | 20            | 21            | 21            | 22            | 22            |
| Total, Area and regional development .....                  | 2,648          | 3,193         | 3,269         | 3,343         | 3,424         | 3,506         | 3,588         |
| <b>Disaster relief and insurance:</b>                       |                |               |               |               |               |               |               |
| Disaster relief .....                                       | 2,765          | 1,593         | 1,627         | 1,661         | 1,695         | 1,731         | 1,768         |
| Small Business Administration disaster loans .....          | 317            | 184           | 188           | 192           | 196           | 200           | 204           |
| Disaster loan program, negative subsidies .....             |                | -595          |               |               |               |               |               |

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

| Function and Program   | 2000 Actual   | Estimate      |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |               | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Other disaster assistance programs .....                         | 1,083         | 734           | 745           | 774           | 790           | 809           | 827           |
| Total, Disaster relief and insurance .....                       | 4,165         | 1,916         | 2,560         | 2,627         | 2,681         | 2,740         | 2,799         |
| Total, Discretionary .....                                       | 12,210        | 10,965        | 11,811        | 12,079        | 12,346        | 12,621        | 12,898        |
| <b>Mandatory:</b>  |               |               |               |               |               |               |               |
| <b>Community development:</b>                                    |               |               |               |               |               |               |               |
| Pennsylvania Avenue activities and other programs .....          | 1             |               |               |               |               |               |               |
| Credit liquidating accounts .....                                | -3            | -4            | -4            |               |               |               |               |
| Total, Community development .....                               | -2            | -4            | -4            |               |               |               |               |
| <b>Area and regional development:</b>                            |               |               |               |               |               |               |               |
| Indian programs .....  | 152           | 161           | 168           | 173           | 180           | 186           | 192           |
| Rural development programs .....                                 | 49            | 163           | 81            | 36            | 36            | 36            | 36            |
| Credit liquidating accounts .....                                | 121           | 48            | -62           | -193          | -252          | -297          | -290          |
| Offsetting receipts .....  | -134          | -317          | -151          | -156          | -164          | -169          | -172          |
| Total, Area and regional development .....                       | 188           | 55            | 36            | -140          | -200          | -244          | -234          |
| <b>Disaster relief and insurance:</b>                            |               |               |               |               |               |               |               |
| National flood insurance fund .....                              | -671          | -256          | -287          | -183          | -192          | -199          | -207          |
| Radiological emergency preparedness fees .....                   | -1            |               |               |               |               |               |               |
| Disaster loans program account .....                             | 68            | 45            |               |               |               |               |               |
| SBA disaster loan subsidy reestimates .....                      | -516          | -384          |               |               |               |               |               |
| Disaster assistance, downward reestimates .....                  |               | -10           |               |               |               |               |               |
| Credit liquidating accounts .....                                | -9            | -44           |               |               |               |               |               |
| Total, Disaster relief and insurance .....                       | -1,129        | -649          | -287          | -183          | -192          | -199          | -207          |
| Total, Mandatory .....   | -943          | -598          | -255          | -323          | -392          | -443          | -441          |
| <b>Total, Community and regional development</b> .....           | <b>11,267</b> | <b>10,367</b> | <b>11,556</b> | <b>11,756</b> | <b>11,954</b> | <b>12,178</b> | <b>12,457</b> |
| <b>500 Education, training, employment, and social services:</b> |               |               |               |               |               |               |               |
| <b>Discretionary:</b>  |               |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>          |               |               |               |               |               |               |               |
| Education for the disadvantaged .....                            | 8,701         | 8,979         | 9,591         | 9,792         | 9,998         | 10,208        | 10,422        |
| Impact aid .....   | 906           | 993           | 1,014         | 1,035         | 1,057         | 1,079         | 1,102         |
| School improvement .....   | 1,492         | 4,619         | 4,934         | 5,038         | 5,143         | 5,252         | 5,362         |
| Education reform .....   | 1,765         | 1,881         | 1,921         | 1,961         | 2,002         | 2,044         | 2,087         |
| Bilingual and immigrant education .....                          | 406           | 460           | 470           | 480           | 490           | 500           | 510           |
| Special education .....  | 2,294         | 6,110         | 7,490         | 7,648         | 7,807         | 7,971         | 8,139         |
| Vocational and adult education .....                             | 891           | 1,826         | 1,848         | 1,887         | 1,926         | 1,966         | 2,009         |
| Reading excellence .....   | 65            | 286           | 288           | 290           | 296           | 302           | 309           |
| Indian education .....   | 606           | 712           | 731           | 749           | 768           | 787           | 808           |
| Other .....  | 10            | 12            | 12            | 13            | 13            | 13            | 13            |
| Total, Elementary, secondary, and vocational education .....     | 17,136        | 25,878        | 28,299        | 28,893        | 29,500        | 30,122        | 30,761        |
| <b>Higher education:</b>   |               |               |               |               |               |               |               |
| Student financial assistance .....                               | 9,375         | 10,674        | 10,898        | 11,127        | 11,361        | 11,599        | 11,843        |
| Higher education .....   | 1,530         | 1,912         | 1,952         | 1,993         | 2,035         | 2,078         | 2,121         |
| Federal family education loan program .....                      | 48            | 48            | 50            | 52            | 53            | 56            | 57            |
| Other higher education programs .....                            | 375           | 391           | 406           | 415           | 423           | 431           | 441           |
| Total, Higher education .....                                    | 11,328        | 13,025        | 13,306        | 13,587        | 13,872        | 14,164        | 14,462        |
| <b>Research and general education aids:</b>                      |               |               |               |               |               |               |               |
| Library of Congress .....  | 315           | 429           | 445           | 459           | 474           | 490           | 506           |
| Public broadcasting .....  | 342           | 403           | 414           | 431           | 440           | 449           | 458           |
| Smithsonian institution and related agencies .....               | 546           | 577           | 598           | 618           | 641           | 664           | 687           |
| Education research, statistics, and improvement .....            | 591           | 722           | 737           | 753           | 768           | 784           | 802           |
| Other .....  | 813           | 925           | 954           | 978           | 1,006         | 1,038         | 1,068         |
| Total, Research and general education aids .....                 | 2,607         | 3,056         | 3,148         | 3,239         | 3,329         | 3,425         | 3,521         |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Training and employment services .....                                   | 2,990          | 5,670         | 5,738         | 5,860         | 5,986         | 6,113         | 6,244         |
| Older Americans employment .....   | 440            | 440           | 449           | 459           | 468           | 478           | 488           |
| Federal-State employment service .....                                   | 1,252          | 1,319         | 1,345         | 1,376         | 1,404         | 1,437         | 1,466         |
| Other employment and training .....                                      | 101            | 110           | 115           | 119           | 124           | 129           | 134           |
| Total, Training and employment .....                                     | 4,783          | 7,539         | 7,647         | 7,814         | 7,982         | 8,157         | 8,332         |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Labor law, statistics, and other administration .....                    | 1,242          | 1,444         | 1,500         | 1,550         | 1,604         | 1,658         | 1,718         |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Corporation for National and Community Service .....                     | 433            | 457           | 468           | 478           | 489           | 500           | 511           |
| National Service .....   | 219            | 279           | 289           | 295           | 302           | 310           | 320           |
| Children and families services programs .....                            | 5,327          | 7,956         | 8,127         | 8,302         | 8,480         | 8,660         | 8,846         |
| Aging services program .....   | 933            | 1,103         | 1,127         | 1,150         | 1,175         | 1,200         | 1,226         |
| Other .....  | 370            | 409           | 418           | 426           | 435           | 444           | 453           |
| Total, Social services .....   | 7,282          | 10,204        | 10,429        | 10,651        | 10,881        | 11,114        | 11,356        |
| Total, Discretionary .....   | 44,378         | 61,146        | 64,329        | 65,734        | 67,168        | 68,640        | 70,150        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Federal family education loan program .....                              | 4,576          | -876          | 4,218         | 3,701         | 3,027         | 3,177         | 3,332         |
| Federal direct loan program .....  | -2,776         | -392          | -636          | -484          | -66           | -98           | -194          |
| Other higher education programs .....                                    | -62            | -35           | -97           | -50           | -66           | -27           | 132           |
| Credit liquidating account (Family education loan program) .....         | -1,188         | -742          | -604          | -466          | -340          | -239          | -167          |
| Total, Higher education .....  | 550            | -2,045        | 2,881         | 2,701         | 2,555         | 2,813         | 3,103         |
| <b>Research and general education aids:</b>                              |                |               |               |               |               |               |               |
| Mandatory programs .....   | 29             | 92            | 36            | 30            | 27            | 26            | 21            |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Trade adjustment assistance .....  | 132            | 132           | .....         | .....         | .....         | .....         | .....         |
| Proposed Legislation (non-PAYGO) .....                                   | .....          | .....         | 132           | 132           | 132           | 132           | 132           |
| Subtotal, Trade adjustment assistance .....                              | 132            | 132           | 132           | 132           | 132           | 132           | 132           |
| Welfare to work grants .....   | -137           | -50           | .....         | .....         | .....         | .....         | .....         |
| Other mandatory training and employment services .....                   | 76             | 180           | 213           | 213           | .....         | .....         | .....         |
| Total, Training and employment .....                                     | 71             | 262           | 345           | 345           | 132           | 132           | 132           |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Other labor services .....   | 8              | 13            | 16            | 16            | .....         | .....         | .....         |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Payments to States for foster care and adoption assistance .....         | 5,697          | 6,401         | 6,622         | 7,015         | 7,483         | 8,108         | 8,775         |
| Promoting safe and stable families .....                                 | 295            | 305           | 305           | 305           | 305           | 305           | 305           |
| Social services block grant .....  | 1,775          | 1,725         | 1,700         | 1,700         | 1,700         | 1,700         | 1,700         |
| Rehabilitation services .....  | 2,339          | 2,400         | 2,481         | 2,541         | 2,607         | 2,675         | 2,742         |
| Other social services .....  | 24             | 25            | 20            | 13            | 9             | 6             | 4             |
| Total, Social services .....   | 10,130         | 10,856        | 11,128        | 11,574        | 12,104        | 12,794        | 13,526        |
| Total, Mandatory .....   | 10,788         | 9,178         | 14,406        | 14,666        | 14,818        | 15,765        | 16,782        |
| <b>Total, Education, training, employment, and social services .....</b> | <b>55,166</b>  | <b>70,324</b> | <b>78,735</b> | <b>80,400</b> | <b>81,986</b> | <b>84,405</b> | <b>86,932</b> |
| <b>550 Health:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Health care services:</b>   |                |               |               |               |               |               |               |
| Substance abuse and mental health services .....                         | 2,651          | 2,957         | 3,021         | 3,085         | 3,151         | 3,219         | 3,288         |
| Indian health .....  | 2,391          | 2,629         | 2,703         | 2,768         | 2,842         | 2,915         | 2,992         |
| Health Resources and Services Administration .....                       | 4,162          | 4,991         | 5,110         | 5,221         | 5,334         | 5,452         | 5,573         |
| Disease control, research, and training .....                            | 2,728          | 3,571         | 3,658         | 3,745         | 3,834         | 3,925         | 4,019         |

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

| Function and Program   | 2000 Actual | Estimate |         |         |         |          |          |
|--|-------------|----------|---------|---------|---------|----------|----------|
|  |             | 2001     | 2002    | 2003    | 2004    | 2005     | 2006     |
| Departmental management and other .....                                | 1,017       | 802      | 826     | 846     | 870     | 895      | 918      |
| Total, Health care services .....                                      | 12,949      | 14,950   | 15,318  | 15,665  | 16,031  | 16,406   | 16,790   |
| <b>Health research and training:</b>                                   |             |          |         |         |         |          |          |
| National Institutes of Health .....                                    | 17,800      | 20,361   | 20,830  | 21,294  | 21,773  | 22,264   | 22,766   |
| Clinical training .....  | 345         | 593      | 605     | 618     | 632     | 645      | 658      |
| Other health research and training .....                               | 359         | 400      | 413     | 425     | 436     | 448      | 462      |
| Total, Health research and training .....                              | 18,504      | 21,354   | 21,848  | 22,337  | 22,841  | 23,357   | 23,886   |
| <b>Consumer and occupational health and safety:</b>                    |             |          |         |         |         |          |          |
| Food safety and inspection .....                                       | 649         | 695      | 728     | 755     | 786     | 817      | 850      |
| Occupational safety and health .....                                   | 623         | 686      | 712     | 735     | 762     | 786      | 815      |
| FDA and Consumer Product Safety Commission salaries and expenses ..... | 1,098       | 1,173    | 1,220   | 1,260   | 1,306   | 1,355    | 1,404    |
| Total, Consumer and occupational health and safety .....               | 2,370       | 2,554    | 2,660   | 2,750   | 2,854   | 2,958    | 3,069    |
| Total, Discretionary .....   | 33,823      | 38,858   | 39,826  | 40,752  | 41,726  | 42,721   | 43,745   |
| <b>Mandatory:</b>  |             |          |         |         |         |          |          |
| <b>Health care services:</b>   |             |          |         |         |         |          |          |
| Medicaid grants .....  | 117,744     | 128,853  | 143,029 | 153,786 | 167,410 | 182,381  | 198,256  |
| State children's health insurance fund .....                           | 4,259       | 4,249    | 3,115   | 3,175   | 3,175   | 4,082    | 4,082    |
| Federal employees' and retired employees' health benefits .....        | 5,027       | 5,549    | 6,079   | 6,623   | 7,224   | 7,886    | 8,601    |
| DoD Medicare-eligible retiree health care fund .....                   |             |          |         | 6,117   | 6,385   | 6,665    | 6,958    |
| UMWA Funds (coal miner retiree health) .....                           | 196         | 252      | 235     | 187     | 178     | 171      | 164      |
| Ricky Ray hemophilia relief fund .....                                 |             | 580      |         |         |         |          |          |
| Other mandatory health services activities .....                       | 391         | 587      | 605     | 573     | 495     | 517      | 536      |
| Total, Health care services .....                                      | 127,617     | 140,070  | 153,063 | 170,461 | 184,867 | 201,702  | 218,597  |
| <b>Health research and safety:</b>                                     |             |          |         |         |         |          |          |
| Health research and training .....                                     | 59          | -20      | 107     | 109     | 7       | 5        | 4        |
| Total, Mandatory .....   | 127,676     | 140,050  | 153,170 | 170,570 | 184,874 | 201,707  | 218,601  |
| <b>Total, Health</b> .....   | 161,499     | 178,908  | 192,996 | 211,322 | 226,600 | 244,428  | 262,346  |
| <b>570 Medicare:</b>   |             |          |         |         |         |          |          |
| <b>Discretionary:</b>  |             |          |         |         |         |          |          |
| <b>Medicare:</b>   |             |          |         |         |         |          |          |
| Hospital insurance (HI) administrative expenses .....                  | 1,222       | 1,504    | 1,580   | 1,650   | 1,728   | 1,812    | 1,903    |
| Supplementary medical insurance (SMI) administrative expenses .....    | 1,776       | 1,848    | 1,928   | 2,003   | 2,089   | 2,179    | 2,276    |
| Total, Discretionary .....   | 2,998       | 3,352    | 3,508   | 3,653   | 3,817   | 3,991    | 4,179    |
| <b>Mandatory:</b>  |             |          |         |         |         |          |          |
| <b>Medicare:</b>   |             |          |         |         |         |          |          |
| Hospital insurance (HI) .....  | 129,008     | 141,018  | 145,660 | 151,639 | 158,299 | 169,809  | 175,332  |
| Supplementary medical insurance (SMI) .....                            | 87,349      | 99,379   | 107,821 | 117,046 | 125,132 | 136,079  | 142,268  |
| HI premiums and collections .....                                      | -1,392      | -1,397   | -1,488  | -1,551  | -1,643  | -1,744   | -1,855   |
| SMI premiums and collections .....                                     | -20,515     | -22,036  | -25,546 | -28,345 | -29,851 | -33,276  | -36,087  |
| Quinquennial adjustment (HI) .....                                     |             | -1,332   |         |         |         |          |          |
| HI interfunds .....  | -9,512      | -8,110   | -8,687  | -9,194  | -9,922  | -10,643  | -11,441  |
| SMI interfunds .....   | -65,561     | -69,788  | -81,347 | -88,783 | -92,549 | -102,042 | -110,380 |
| General fund payment to HI and SMI trust funds .....                   | 78,213      | 77,874   | 90,002  | 97,967  | 102,469 | 112,683  | 121,819  |
| Total, Mandatory .....   | 197,590     | 215,608  | 226,415 | 238,779 | 251,935 | 270,866  | 279,656  |
| <b>Total, Medicare</b> .....   | 200,588     | 218,960  | 229,923 | 242,432 | 255,752 | 274,857  | 283,835  |
| <b>600 Income security:</b>  |             |          |         |         |         |          |          |
| <b>Discretionary:</b>  |             |          |         |         |         |          |          |
| <b>General retirement and disability insurance:</b>                    |             |          |         |         |         |          |          |
| Railroad retirement .....  | 269         | 261      | 266     | 271     | 276     | 282      | 289      |
| Pension Benefit Guaranty Corporation .....                             | 11          | 12       | 12      | 13      | 13      | 13       | 14       |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|
|   |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Pension and Welfare Benefits Administration and other .....                   | 101            | 110      | 114    | 118    | 122    | 126    | 132    |
| Total, General retirement and disability insurance .....                      | 381            | 383      | 392    | 402    | 411    | 421    | 435    |
| <b>Federal employee retirement and disability:</b>                            |                |          |        |        |        |        |        |
| Civilian retirement and disability program administrative expenses .....      | 85             | 92       | 96     | 99     | 102    | 106    | 111    |
| Armed forces retirement home .....  | 70             | 70       | 72     | 75     | 78     | 81     | 84     |
| Total, Federal employee retirement and disability .....                       | 155            | 162      | 168    | 174    | 180    | 187    | 195    |
| <b>Unemployment compensation:</b>   |                |          |        |        |        |        |        |
| Unemployment programs administrative expenses .....                           | 2,270          | 2,369    | 2,483  | 2,439  | 2,491  | 2,565  | 2,648  |
| <b>Housing assistance:</b>  |                |          |        |        |        |        |        |
| Public housing operating fund .....   | 3,138          | 3,235    | 3,303  | 3,372  | 3,443  | 3,515  | 3,589  |
| Public housing capital fund .....   | 2,884          | 2,993    | 3,056  | 3,120  | 3,185  | 3,253  | 3,320  |
| Subsidized, public, homeless and other HUD housing .....                      | 11,313         | 18,203   | 22,419 | 23,553 | 24,640 | 25,778 | 26,554 |
| Rural housing assistance .....  | 742            | 787      | 803    | 820    | 838    | 855    | 874    |
| Total, Housing assistance .....   | 18,077         | 25,218   | 29,581 | 30,865 | 32,106 | 33,401 | 34,337 |
| <b>Food and nutrition assistance:</b>   |                |          |        |        |        |        |        |
| Special supplemental food program for women, infants, and children (WIC) .... | 4,032          | 4,043    | 4,128  | 4,215  | 4,303  | 4,393  | 4,486  |
| Other nutrition programs .....  | 517            | 581      | 596    | 612    | 627    | 642    | 657    |
| Total, Food and nutrition assistance .....                                    | 4,549          | 4,624    | 4,724  | 4,827  | 4,930  | 5,035  | 5,143  |
| <b>Other income assistance:</b>   |                |          |        |        |        |        |        |
| Refugee assistance .....  | 498            | 445      | 454    | 464    | 474    | 484    | 493    |
| Low income home energy assistance .....                                       | 2,000          | 1,700    | 1,734  | 1,771  | 1,808  | 1,846  | 1,885  |
| Child care and development block grant .....                                  | 1,183          | 2,000    | 2,042  | 2,085  | 2,129  | 2,174  | 2,219  |
| Supplemental security income (SSI) administrative expenses .....              | 2,440          | 2,582    | 2,685  | 2,775  | 2,870  | 2,971  | 3,076  |
| Total, Other income assistance .....  | 6,121          | 6,727    | 6,915  | 7,095  | 7,281  | 7,475  | 7,673  |
| Total, Discretionary .....  | 31,553         | 39,483   | 44,263 | 45,802 | 47,399 | 49,084 | 50,431 |
| <b>Mandatory:</b>   |                |          |        |        |        |        |        |
| <b>General retirement and disability insurance:</b>                           |                |          |        |        |        |        |        |
| Railroad retirement .....   | 4,437          | 5,119    | 4,646  | 4,764  | 4,915  | 5,069  | 5,429  |
| Special benefits for disabled coal miners .....                               | 996            | 953      | 893    | 857    | 815    | 773    | 732    |
| Pension Benefit Guaranty Corporation .....                                    | -11            | -12      | -12    | -13    | -13    | -13    | -14    |
| District of Columbia pension funds .....                                      | -33            | 213      | 227    | 239    | 250    | 262    | 273    |
| Proceeds from sale of DC retirement fund assets .....                         | -3             |          |        |        |        |        |        |
| Special workers' compensation program .....                                   | 147            | 151      | 149    | 154    | 154    | 154    | 154    |
| Total, General retirement and disability insurance .....                      | 5,533          | 6,424    | 5,903  | 6,001  | 6,121  | 6,245  | 6,574  |
| <b>Federal employee retirement and disability:</b>                            |                |          |        |        |        |        |        |
| Federal civilian employee retirement and disability .....                     | 45,838         | 48,172   | 50,383 | 52,804 | 55,172 | 57,632 | 60,127 |
| Military retirement .....   | 32,912         | 34,332   | 35,377 | 36,393 | 37,421 | 38,430 | 39,480 |
| Federal employees workers' compensation (FECA) .....                          | 80             | 60       | 125    | 153    | 160    | 172    | 187    |
| Federal employees life insurance fund .....                                   | 25             | 30       | 31     | 31     | 32     | 33     | 34     |
| Total, Federal employee retirement and disability .....                       | 78,855         | 82,594   | 85,916 | 89,381 | 92,785 | 96,267 | 99,828 |
| <b>Unemployment compensation:</b>   |                |          |        |        |        |        |        |
| Unemployment insurance programs .....   | 20,470         | 25,165   | 28,046 | 28,744 | 30,550 | 32,197 | 33,970 |
| Trade adjustment assistance .....   | 283            | 275      | 11     |        |        |        |        |
| Proposed Legislation (non-PAYGO) .....  |                |          | 273    | 280    | 294    | 306    | 320    |
| Subtotal, Trade adjustment assistance .....                                   | 283            | 275      | 284    | 280    | 294    | 306    | 320    |
| Total, Unemployment compensation .....  | 20,753         | 25,440   | 28,330 | 29,024 | 30,844 | 32,503 | 34,290 |
| <b>Housing assistance:</b>  |                |          |        |        |        |        |        |
| Mandatory housing assistance programs .....                                   | 35             | 40       | 40     | 40     | 40     | 40     | 40     |

**Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

| Function and Program  | 2000 Actual    | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>Food and nutrition assistance:</b>   |                |                |                |                |                |                |                |
| Food stamps (including Puerto Rico) .....                                     | 21,067         | 20,097         | 21,076         | 21,978         | 22,690         | 23,611         | 24,502         |
| State child nutrition programs .....  | 9,579          | 9,610          | 10,083         | 11,028         | 11,591         | 12,103         | 12,646         |
| Funds for strengthening markets, income, and supply (Sec.32) .....            | 730            | 737            | 709            | 709            | 709            | 709            | 709            |
| Total, Food and nutrition assistance .....                                    | 31,376         | 30,444         | 31,868         | 33,715         | 34,990         | 36,423         | 37,857         |
| <b>Other income support:</b>  |                |                |                |                |                |                |                |
| Supplemental security income (SSI) .....                                      | 31,028         | 30,561         | 29,090         | 32,873         | 34,302         | 38,372         | 37,303         |
| Family support payments .....   | 1,010          | 3,321          | 3,448          | 3,801          | 4,166          | 4,451          | 4,686          |
| Federal share of child support collections .....                              | -913           | -896           | -878           | -887           | -899           | -927           | -972           |
| Temporary assistance for needy families and related programs .....            | 16,689         | 16,689         | 16,679         | 16,679         | 17,679         | 16,679         | 16,679         |
| Child care entitlement to states .....  | 2,367          | 2,567          | 2,717          | 2,717          | 2,717          | 2,717          | 2,717          |
| Earned income tax credit (EITC) .....   | 26,099         | 25,923         | 26,983         | 27,875         | 28,545         | 29,373         | 30,165         |
| Child tax credit .....  | 809            | 790            | 760            | 720            | 660            | 630            | 590            |
| Other assistance .....  | 39             | 40             | 62             | 56             | 56             | 57             | 57             |
| SSI recoveries and receipts .....   | -1,637         | -1,561         | -1,730         | -1,801         | -1,894         | -2,100         | -2,041         |
| Total, Other income support .....   | 75,491         | 77,434         | 77,131         | 82,033         | 85,332         | 89,252         | 89,184         |
| Total, Mandatory .....  | 212,043        | 222,376        | 229,188        | 240,194        | 250,112        | 260,730        | 267,773        |
| <b>Total, Income security</b> .....   | <b>243,596</b> | <b>261,859</b> | <b>273,451</b> | <b>285,996</b> | <b>297,511</b> | <b>309,814</b> | <b>318,204</b> |
| <b>650 Social security:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Social security:</b>   |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)administrative expenses (Off-budget) .. | 1,782          | 1,898          | 1,976          | 2,042          | 2,115          | 2,190          | 2,269          |
| Disability insurance (DI) administrative expenses (Off-budget) .....          | 1,413          | 1,532          | 1,592          | 1,645          | 1,703          | 1,761          | 1,822          |
| Office of the Inspector General—Social Security Adm. (On-budget) .....        | 15             | 17             | 18             | 18             | 19             | 20             | 21             |
| Total, Discretionary .....  | 3,210          | 3,447          | 3,586          | 3,705          | 3,837          | 3,971          | 4,112          |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>Social security:</b>   |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                      | 353,608        | 373,192        | 389,494        | 406,673        | 425,044        | 444,709        | 466,069        |
| Disability insurance (DI)(Off-budget) .....                                   | 55,219         | 59,546         | 63,416         | 68,797         | 75,045         | 81,865         | 89,360         |
| Quinquennial OASI and DI adjustments (On-budget) .....                        |                | -836           |                |                |                |                |                |
| Intragovernmental transactions (On-budget) .....                              | 13,262         | 12,541         | 14,148         | 14,876         | 16,076         | 17,230         | 18,428         |
| Intragovernmental transactions (Off-budget) .....                             | -13,252        | -12,541        | -13,734        | -14,876        | -16,076        | -17,230        | -18,428        |
| Total, Mandatory .....  | 408,837        | 431,902        | 453,324        | 475,470        | 500,089        | 526,574        | 555,429        |
| <b>Total, Social security</b> .....   | <b>412,047</b> | <b>435,349</b> | <b>456,910</b> | <b>479,175</b> | <b>503,926</b> | <b>530,545</b> | <b>559,541</b> |
| <b>700 Veterans benefits and services:</b>                                    |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>  |                |                |                |                |                |                |                |
| Special benefits for certain World War II veterans .....                      | 3              | 2              | 2              | 2              | 2              | 2              | 3              |
| <b>Veterans education, training, and rehabilitation:</b>                      |                |                |                |                |                |                |                |
| Loan fund program account .....   | 1              | 1              | 1              | 1              | 1              | 1              | 1              |
| Veterans employment and training .....  |                | 25             | 25             | 26             | 26             | 28             | 28             |
| Total, Veterans education, training, and rehabilitation .....                 | 1              | 26             | 26             | 27             | 27             | 29             | 29             |
| <b>Hospital and medical care for veterans:</b>                                |                |                |                |                |                |                |                |
| Medical care and hospital services .....                                      | 19,843         | 21,222         | 22,067         | 22,794         | 23,586         | 24,406         | 25,257         |
| Collections for medical care .....  | -573           | -608           | -620           | -630           | -640           | -650           | -660           |
| Construction for medical care, benefits, and cemeteries .....                 | 315            | 339            | 345            | 353            | 360            | 369            | 376            |
| Total, Hospital and medical care for veterans .....                           | 19,585         | 20,953         | 21,792         | 22,517         | 23,306         | 24,125         | 24,973         |
| <b>Veterans housing:</b>  |                |                |                |                |                |                |                |
| Housing program loan administrative expenses .....                            | 158            | 163            | 170            | 176            | 182            | 190            | 197            |
| <b>Other veterans benefits and services:</b>                                  |                |                |                |                |                |                |                |
| National Cemetery Administration .....  | 97             | 110            | 115            | 119            | 123            | 127            | 132            |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| General operating expenses .....   | 941            | 1,080         | 1,118         | 1,152         | 1,188         | 1,225         | 1,264         |
| Other operating expenses .....   | 119            | 129           | 137           | 141           | 147           | 150           | 156           |
| Total, Other veterans benefits and services .....                                | 1,157          | 1,319         | 1,370         | 1,412         | 1,458         | 1,502         | 1,552         |
| Total, Discretionary .....   | 20,904         | 22,463        | 23,360        | 24,134        | 24,975        | 25,848        | 26,754        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Income security for veterans:</b>   |                |               |               |               |               |               |               |
| Special benefits for certain World War II veterans .....                         | 1              | 9             | 8             | 8             | 7             | 6             | 5             |
| Compensation, Pensions and Burial benefits .....                                 | 21,568         | 23,355        | 24,944        | 26,435        | 27,875        | 29,205        | 30,431        |
| National service life insurance trust fund .....                                 | 1,236          | 1,282         | 1,314         | 1,320         | 1,317         | 1,297         | 1,281         |
| All other insurance programs .....   | 36             | 37            | 53            | 57            | 67            | 69            | 80            |
| Insurance program receipts .....   | -202           | -191          | -180          | -169          | -157          | -143          | -129          |
| Total, Income security for veterans .....  | 22,639         | 24,492        | 26,139        | 27,651        | 29,109        | 30,434        | 31,668        |
| <b>Veterans education, training, and rehabilitation:</b>                         |                |               |               |               |               |               |               |
| Readjustment benefits (Montgomery GI Bill and related programs) .....            | 1,469          | 1,981         | 2,135         | 2,200         | 2,282         | 2,383         | 2,503         |
| All-volunteer force educational assistance trust fund .....                      | -158           | -296          | -211          | -221          | -242          | -269          | -312          |
| Total, Veterans education, training, and rehabilitation .....                    | 1,311          | 1,685         | 1,924         | 1,979         | 2,040         | 2,114         | 2,191         |
| <b>Hospital and medical care for veterans:</b>                                   |                |               |               |               |               |               |               |
| Fees, charges and other mandatory medical care .....                             | -1             | -1            | -1            | -2            | -2            | -3            | -3            |
| <b>Veterans housing:</b>   |                |               |               |               |               |               |               |
| Housing program loan subsidies .....   | 1,548          | 351           | 203           | 235           | 238           | 243           | 245           |
| Housing program loan reestimates .....   | -1,064         | -1,420        |               |               |               |               |               |
| Housing program loan liquidating account .....                                   | 132            |               |               |               |               |               |               |
| Total, Veterans housing .....  | 616            | -1,069        | 203           | 235           | 238           | 243           | 245           |
| <b>Other veterans programs:</b>  |                |               |               |               |               |               |               |
| National homes, Battle Monument contributions and other .....                    | 45             | 97            | 47            | 39            | 39            | 40            | 41            |
| Total, Mandatory .....   | 24,610         | 25,204        | 28,312        | 29,902        | 31,424        | 32,828        | 34,142        |
| <b>Total, Veterans benefits and services .....</b>                               | <b>45,514</b>  | <b>47,667</b> | <b>51,672</b> | <b>54,036</b> | <b>56,399</b> | <b>58,676</b> | <b>60,896</b> |
| <b>750 Administration of justice:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                                       |                |               |               |               |               |               |               |
| Criminal investigations (DEA, FBI, FinCEN, ICDE) .....                           | 4,467          | 4,600         | 4,810         | 4,983         | 5,171         | 5,367         | 5,572         |
| Alcohol, tobacco, and firearms investigations (ATF) .....                        | 564            | 771           | 805           | 832           | 863           | 895           | 928           |
| Border enforcement activities (Customs and INS) .....                            | 4,898          | 5,540         | 5,764         | 5,954         | 6,162         | 6,378         | 6,603         |
| Equal Employment Opportunity Commission .....                                    | 281            | 303           | 317           | 328           | 340           | 353           | 366           |
| Tax law, criminal investigations (IRS) .....                                     | 379            | 374           | 394           | 409           | 428           | 446           | 465           |
| Other law enforcement activities .....   | 1,848          | 2,019         | 2,089         | 2,155         | 2,227         | 2,298         | 2,373         |
| Total, Federal law enforcement activities .....                                  | 12,437         | 13,607        | 14,179        | 14,661        | 15,191        | 15,737        | 16,307        |
| <b>Federal litigative and judicial activities:</b>                               |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....                          | 2,788          | 2,974         | 3,067         | 3,170         | 3,278         | 3,392         | 3,513         |
| Representation of indigents in civil cases .....                                 | 304            | 329           | 336           | 343           | 350           | 358           | 365           |
| Federal judicial and other litigative activities .....                           | 3,804          | 4,131         | 4,269         | 4,395         | 4,532         | 4,672         | 4,818         |
| Total, Federal litigative and judicial activities .....                          | 6,896          | 7,434         | 7,672         | 7,908         | 8,160         | 8,422         | 8,696         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                        | 3,670          | 4,307         | 4,475         | 4,620         | 4,779         | 4,943         | 5,112         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Law enforcement assistance, community policing, and other justice programs ..... | 4,053          | 4,607         | 4,705         | 4,805         | 4,908         | 5,012         | 5,119         |
| Total, Discretionary .....   | 27,056         | 29,955        | 31,031        | 31,994        | 33,038        | 34,114        | 35,234        |

Table 14–11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>   |                |               |               |               |               |               |               |
| Assets forfeiture fund .....   | 480            | 377           | 337           | 344           | 351           | 359           | 366           |
| Border enforcement activities (Customs and INS) .....                              | 1,568          | 2,061         | 2,412         | 2,354         | 2,241         | 2,249         | 2,286         |
| INS fees .....   | -1,483         | -2,262        | -2,240        | -2,176        | -1,686        | -1,681        | -1,676        |
| Customs fees .....   | -1,282         | -1,303        | -1,343        | -1,395        | -3            | -3            | -3            |
| Other mandatory law enforcement programs .....                                     | 416            | 513           | 488           | 513           | 516           | 520           | 523           |
| Total, Federal law enforcement activities .....                                    | -301           | -614          | -346          | -360          | 1,419         | 1,444         | 1,496         |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 468            | 491           | 538           | 521           | 535           | 551           | 565           |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | -3             | -3            | -3            | -4            | -4            | -5            | -5            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | -523           | 517           | 1,583         | 400           | 400           | 400           | 400           |
| Public safety officers' benefits .....   | 33             | 33            | 33            | 34            | 35            | 35            | 36            |
| Total, Criminal justice assistance .....   | -490           | 550           | 1,616         | 434           | 435           | 435           | 436           |
| Total, Mandatory .....   | -326           | 424           | 1,805         | 591           | 2,385         | 2,425         | 2,492         |
| <b>Total, Administration of justice .....</b>                                      | <b>26,730</b>  | <b>30,379</b> | <b>32,836</b> | <b>32,585</b> | <b>35,423</b> | <b>36,539</b> | <b>37,726</b> |
| <b>800 General government:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Legislative branch discretionary programs .....                                    | 2,133          | 2,185         | 2,264         | 2,335         | 2,419         | 2,499         | 2,585         |
| <b>Executive direction and management:</b>   |                |               |               |               |               |               |               |
| Drug control programs .....  | 363            | 405           | 414           | 422           | 431           | 440           | 450           |
| Executive Office of the President .....  | 272            | 300           | 311           | 319           | 331           | 341           | 353           |
| Presidential transition and former Presidents .....                                | 2              | 10            | 10            | 10            | 10            | 11            | 11            |
| Total, Executive direction and management .....                                    | 637            | 715           | 735           | 751           | 772           | 792           | 814           |
| <b>Central fiscal operations:</b>  |                |               |               |               |               |               |               |
| Tax administration .....   | 7,839          | 8,469         | 8,843         | 9,154         | 9,498         | 9,854         | 10,227        |
| Other fiscal operations .....  | 737            | 814           | 846           | 875           | 903           | 935           | 968           |
| Total, Central fiscal operations .....   | 8,576          | 9,283         | 9,689         | 10,029        | 10,401        | 10,789        | 11,195        |
| <b>General property and records management:</b>                                    |                |               |               |               |               |               |               |
| Real property activities .....   | -211           | 281           | 579           | 601           | 616           | 584           | 612           |
| Records management .....   | 222            | 311           | 317           | 325           | 331           | 339           | 346           |
| Other general and records management .....   | 177            | 171           | 177           | 186           | 190           | 196           | 202           |
| Total, General property and records management .....                               | 188            | 763           | 1,073         | 1,112         | 1,137         | 1,119         | 1,160         |
| <b>Central personnel management:</b>   |                |               |               |               |               |               |               |
| Discretionary central personnel management programs .....                          | 161            | 170           | 176           | 183           | 190           | 198           | 206           |
| <b>General purpose fiscal assistance:</b>  |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                               | 343            | 334           | 341           | 348           | 356           | 364           | 371           |
| Payments to States and counties from Federal land management activities .....      | 11             | 11            | 11            | 11            | 12            | 12            | 12            |
| Payments in lieu of taxes .....  | 133            | 200           | 204           | 208           | 213           | 217           | 221           |
| Total, General purpose fiscal assistance .....                                     | 487            | 545           | 556           | 567           | 581           | 593           | 604           |
| <b>Other general government:</b>   |                |               |               |               |               |               |               |
| Discretionary programs .....   | 256            | 300           | 307           | 317           | 329           | 336           | 344           |
| Total, Discretionary .....   | 12,438         | 13,961        | 14,800        | 15,294        | 15,829        | 16,326        | 16,908        |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>   |                |               |               |               |               |               |               |
| Congressional members compensation and other .....                            | 104            | 120           | 111           | 110           | 109           | 109           | 109           |
| <b>Central fiscal operations:</b>   |                |               |               |               |               |               |               |
| Federal financing bank .....  | 5              | 17            | 15            | 18            | 21            | 25            | 28            |
| Other mandatory programs .....  | -58            | -88           | -114          | -111          | -110          | -109          | -107          |
| Total, Central fiscal operations .....  | -53            | -71           | -99           | -93           | -89           | -84           | -79           |
| <b>General property and records management:</b>                               |                |               |               |               |               |               |               |
| Mandatory programs .....  | 21             | 22            | 22            | 22            | 23            | 24            | 18            |
| Offsetting receipts .....   | -21            | -67           | -28           | -32           | -27           | -26           | -24           |
| Total, General property and records management .....                          |                | -45           | -6            | -10           | -4            | -2            | -6            |
| <b>General purpose fiscal assistance:</b>                                     |                |               |               |               |               |               |               |
| Payments to States and counties .....   | 1,015          | 1,336         | 1,503         | 1,502         | 1,519         | 1,534         | 1,533         |
| Tax revenues for Puerto Rico (Treasury, BATF) .....                           | 387            | 411           | 347           | 331           | 331           | 331           | 331           |
| Other general purpose fiscal assistance .....                                 | 169            | 123           | 123           | 122           | 123           | 123           | 123           |
| Total, General purpose fiscal assistance .....                                | 1,571          | 1,870         | 1,973         | 1,955         | 1,973         | 1,988         | 1,987         |
| <b>Other general government:</b>  |                |               |               |               |               |               |               |
| Territories .....   | 162            | 162           | 187           | 186           | 187           | 185           | 185           |
| Treasury claims .....   | 1,831          | 1,175         | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         |
| Presidential election campaign fund .....                                     | 61             | 61            | 61            | 61            | 61            | 61            | 61            |
| Other mandatory programs .....  | -159           | 382           |               |               |               |               |               |
| Total, Other general government .....   | 1,895          | 1,780         | 1,248         | 1,247         | 1,248         | 1,246         | 1,246         |
| <b>Deductions for offsetting receipts:</b>                                    |                |               |               |               |               |               |               |
| Offsetting receipts .....   | -2,478         | -1,386        | -1,393        | -1,386        | -1,386        | -1,386        | -1,386        |
| Total, Mandatory .....  | 1,039          | 2,268         | 1,834         | 1,823         | 1,851         | 1,871         | 1,871         |
| <b>Total, General government .....</b>  | <b>13,477</b>  | <b>16,229</b> | <b>16,634</b> | <b>17,117</b> | <b>17,680</b> | <b>18,197</b> | <b>18,779</b> |
| <b>900 Net interest:</b>  |                |               |               |               |               |               |               |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Interest on Treasury debt securities (gross):</b>                          |                |               |               |               |               |               |               |
| Interest on Treasury debt securities (gross) .....                            | 361,978        | 357,814       | 349,306       | 344,827       | 340,654       | 332,939       | 324,303       |
| <b>Interest received by on-budget trust funds:</b>                            |                |               |               |               |               |               |               |
| Civil service retirement and disability fund .....                            | -33,608        | -35,108       | -36,531       | -37,946       | -39,360       | -40,467       | -41,635       |
| Military retirement .....   | -12,251        | -12,413       | -12,626       | -12,850       | -13,082       | -13,323       | -13,573       |
| SMI interest .....  | -3,160         | -3,033        | -2,733        | -2,688        | -2,628        | -2,508        | -2,573        |
| HI interest .....   | -10,470        | -12,285       | -13,749       | -15,465       | -17,601       | -19,978       | -22,579       |
| Other on-budget trust funds .....   | -9,624         | -10,823       | -10,674       | -11,309       | -11,999       | -12,662       | -13,227       |
| Total, Interest received by on-budget trust funds .....                       | -69,113        | -73,662       | -76,313       | -80,258       | -84,670       | -88,938       | -93,587       |
| <b>Interest received by off-budget trust funds:</b>                           |                |               |               |               |               |               |               |
| Interest received by social security trust funds .....                        | -59,796        | -68,886       | -76,086       | -85,421       | -95,855       | -107,348      | -120,111      |
| <b>Other interest:</b>  |                |               |               |               |               |               |               |
| Interest on loans to Federal Financing Bank .....                             | -1,974         | -2,035        | -2,136        | -1,830        | -2,160        | -2,387        | -2,535        |
| Interest on refunds of tax collections .....                                  | 2,684          | 2,791         | 2,913         | 3,025         | 3,143         | 3,221         | 3,297         |
| Payment to the Resolution Funding Corporation .....                           | 1,164          | 1,728         | 1,357         | 2,124         | 2,231         | 2,117         | 2,188         |
| Interest paid to loan guarantee financing accounts .....                      | 4,287          | 3,787         | 3,734         | 3,731         | 3,748         | 3,759         | 3,787         |
| Interest received from direct loan financing accounts .....                   | -9,129         | -10,279       | -11,339       | -12,013       | -12,909       | -13,668       | -14,188       |
| Interest on deposits in tax and loan accounts .....                           | -1,785         | -1,455        | -1,340        | -1,340        | -1,340        | -1,340        | -1,340        |
| Interest received from Outer Continental Shelf escrow account, Interior ..... | -1,352         |               |               |               |               |               |               |

Table 14-11. CURRENT SERVICES BUDGET AUTHORITY BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual   | Estimate         |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                  | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             |
| All other interest .....  | -3,744           | -3,526           | -3,606           | -3,352           | -3,321           | -3,327           | -3,312           |
| Total, Other interest .....   | -9,849           | -8,989           | -10,417          | -9,655           | -10,608          | -11,625          | -12,103          |
| <b>Total, Net interest</b> .....  | <b>223,220</b>   | <b>206,277</b>   | <b>186,490</b>   | <b>169,493</b>   | <b>149,521</b>   | <b>125,028</b>   | <b>98,502</b>    |
| <b>950 Undistributed offsetting receipts:</b>                                       |                  |                  |                  |                  |                  |                  |                  |
| <b>Mandatory:</b>   |                  |                  |                  |                  |                  |                  |                  |
| <b>Employer share, employee retirement (on-budget):</b>                             |                  |                  |                  |                  |                  |                  |                  |
| Contributions to HI trust fund .....  | -2,630           | -2,693           | -2,809           | -2,940           | -3,079           | -3,244           | -3,381           |
| Contributions to military retirement fund .....                                     | -11,402          | -11,369          | -12,166          | -12,622          | -13,098          | -13,567          | -14,040          |
| Postal Service contributions to Civil Service Retirement and Disability Fund ....   | -6,445           | -6,768           | -6,854           | -6,975           | -7,111           | -7,249           | -7,327           |
| Employing agency contributions, DoD Retiree Health Care Fund .....                  |                  |                  |                  | -2,943           | -3,072           | -3,211           | -3,355           |
| Other contributions to civil and foreign service retirement and disability fund ... | -9,737           | -10,446          | -10,813          | -10,723          | -11,316          | -11,990          | -12,699          |
| Total, Employer share, employee retirement (on-budget) .....                        | -30,214          | -31,276          | -32,642          | -36,203          | -37,676          | -39,261          | -40,802          |
| <b>Employer share, employee retirement (off-budget):</b>                            |                  |                  |                  |                  |                  |                  |                  |
| Contributions to social security trust funds .....                                  | -7,637           | -7,877           | -8,917           | -9,161           | -9,868           | -10,706          | -11,443          |
| <b>Rents and royalties on the Outer Continental Shelf:</b>                          |                  |                  |                  |                  |                  |                  |                  |
| OCS Receipts .....  | -4,580           | -6,931           | -5,884           | -5,358           | -5,185           | -4,971           | -4,836           |
| <b>Sale of major assets:</b>  |                  |                  |                  |                  |                  |                  |                  |
| Privatization of Elk Hills .....  |                  |                  |                  | -323             |                  |                  |                  |
| <b>Other undistributed offsetting receipts:</b>                                     |                  |                  |                  |                  |                  |                  |                  |
| Spectrum auction .....  | -150             | -1,572           | -4,360           | -9,665           | -9,670           | -1,275           | -680             |
| <b>Total, Undistributed offsetting receipts</b> .....                               | <b>-42,581</b>   | <b>-47,656</b>   | <b>-51,803</b>   | <b>-60,710</b>   | <b>-62,399</b>   | <b>-56,213</b>   | <b>-57,761</b>   |
| <b>Total</b> .....  | <b>1,824,957</b> | <b>1,890,916</b> | <b>1,965,688</b> | <b>2,013,980</b> | <b>2,073,981</b> | <b>2,150,724</b> | <b>2,207,472</b> |
| On-budget .....   | (1,489,908)      | (1,539,212)      | (1,605,428)      | (1,642,337)      | (1,690,957)      | (1,754,604)      | (1,796,928)      |
| Off-budget .....  | (335,049)        | (351,704)        | (360,260)        | (371,643)        | (383,024)        | (396,120)        | (410,544)        |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate       |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>050 National defense:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>  |                |                |                |                |                |                |                |
| Military personnel .....  | 75,950         | 72,089         | 78,016         | 80,765         | 83,578         | 86,427         | 89,389         |
| Operation and maintenance .....   | 105,253        | 110,199        | 109,993        | 112,893        | 116,464        | 120,031        | 123,722        |
| Procurement .....   | 51,696         | 52,734         | 56,419         | 57,732         | 60,815         | 63,631         | 65,562         |
| Research, development, test and evaluation .....  | 37,606         | 37,962         | 41,210         | 41,917         | 42,910         | 43,832         | 44,726         |
| Military construction .....   | 5,109          | 5,198          | 4,791          | 5,169          | 5,279          | 5,467          | 5,582          |
| Family housing .....  | 3,413          | 3,683          | 3,576          | 3,646          | 3,757          | 3,832          | 3,916          |
| Revolving, management, and trust funds and other .....                                  | 2,875          | 3,084          | 2,413          | 1,249          | 1,201          | 1,199          | 1,218          |
| <b>Total, Department of Defense—Military .....</b>                                      | <b>281,902</b> | <b>284,949</b> | <b>296,418</b> | <b>303,371</b> | <b>314,004</b> | <b>324,419</b> | <b>334,115</b> |
| <b>Atomic energy defense activities:</b>  |                |                |                |                |                |                |                |
| Department of Energy .....  | 12,031         | 13,206         | 13,899         | 14,265         | 14,596         | 14,930         | 15,148         |
| Formerly utilized sites remedial action .....   | 113            | 149            | 142            | 145            | 147            | 151            | 154            |
| Defense nuclear facilities safety board .....   | 17             | 18             | 18             | 20             | 20             | 21             | 21             |
| <b>Total, Atomic energy defense activities .....</b>                                    | <b>12,161</b>  | <b>13,373</b>  | <b>14,059</b>  | <b>14,430</b>  | <b>14,763</b>  | <b>15,102</b>  | <b>15,323</b>  |
| <b>Defense-related activities:</b>  |                |                |                |                |                |                |                |
| Discretionary programs .....  | 901            | 1,259          | 1,331          | 1,366          | 1,387          | 1,421          | 1,460          |
| <b>Total, Discretionary .....</b>   | <b>294,964</b> | <b>299,581</b> | <b>311,808</b> | <b>319,167</b> | <b>330,154</b> | <b>340,942</b> | <b>350,898</b> |
| <b>Mandatory:</b>   |                |                |                |                |                |                |                |
| <b>Department of Defense—Military:</b>  |                |                |                |                |                |                |                |
| Military personnel .....  |                |                | 24             | 24             | 24             | 24             | 24             |
| Revolving, trust and other DoD mandatory .....  | 1,085          | 564            | 382            | 430            | 311            | 344            | 308            |
| Offsetting receipts .....   | -1,764         | -1,598         | -1,457         | -1,449         | -1,408         | -1,437         | -1,395         |
| <b>Total, Department of Defense—Military .....</b>                                      | <b>-679</b>    | <b>-1,034</b>  | <b>-1,051</b>  | <b>-995</b>    | <b>-1,073</b>  | <b>-1,069</b>  | <b>-1,063</b>  |
| <b>Atomic energy defense activities:</b>  |                |                |                |                |                |                |                |
| Energy employee occupational illness compensation fund .....                            |                | 358            | 597            | 477            | 253            | 222            | 149            |
| Energy employee occupational illness compensation fund, administrative expenses .....   |                | 15             | 120            | 114            | 71             | 54             | 38             |
| <b>Total, Atomic energy defense activities .....</b>                                    |                | <b>373</b>     | <b>717</b>     | <b>591</b>     | <b>324</b>     | <b>276</b>     | <b>187</b>     |
| <b>Defense-related activities:</b>  |                |                |                |                |                |                |                |
| Mandatory programs .....  | 209            | 216            | 212            | 222            | 232            | 238            | 246            |
| <b>Total, Mandatory .....</b>   | <b>-470</b>    | <b>-445</b>    | <b>-122</b>    | <b>-182</b>    | <b>-517</b>    | <b>-555</b>    | <b>-630</b>    |
| <b>Total, National defense .....</b>  | <b>294,494</b> | <b>299,136</b> | <b>311,686</b> | <b>318,985</b> | <b>329,637</b> | <b>340,387</b> | <b>350,268</b> |
| <b>150 International affairs:</b>   |                |                |                |                |                |                |                |
| <b>Discretionary:</b>   |                |                |                |                |                |                |                |
| <b>International development, humanitarian assistance:</b>                              |                |                |                |                |                |                |                |
| Development assistance and child survival and disease programs .....                    | 1,530          | 1,839          | 2,055          | 2,085          | 2,116          | 2,141          | 2,222          |
| Multilateral development banks (MDB's) .....  | 1,351          | 1,726          | 1,431          | 1,466          | 1,484          | 1,264          | 1,253          |
| Assistance for the New Independent States .....   | 678            | 448            | 596            | 709            | 771            | 830            | 856            |
| Food aid .....  | 946            | 887            | 853            | 863            | 878            | 893            | 912            |
| Refugee programs .....  | 864            | 791            | 793            | 782            | 770            | 771            | 787            |
| Assistance for Central and Eastern Europe .....   | 423            | 349            | 447            | 537            | 616            | 701            | 722            |
| Voluntary contributions to international organizations .....                            | 294            | 299            | 306            | 312            | 316            | 320            | 326            |
| Peace Corps .....   | 246            | 273            | 278            | 278            | 289            | 298            | 308            |
| Central America and Caribbean emergency disaster recovery fund .....                    | 162            | 228            | 100            | 41             | 12             |                |                |
| International narcotics control and law enforcement—Andean counterdrug initiative ..... | 375            | 863            | 595            | 465            | 391            | 334            | 341            |
| Debt restructuring .....  | 75             | 251            | 312            | 438            | 465            | 474            | 484            |
| Other development and humanitarian assistance .....                                     | 1,013          | 732            | 745            | 768            | 814            | 838            | 872            |
| <b>Total, International development, humanitarian assistance .....</b>                  | <b>7,957</b>   | <b>8,686</b>   | <b>8,511</b>   | <b>8,744</b>   | <b>8,922</b>   | <b>8,864</b>   | <b>9,083</b>   |
| <b>International security assistance:</b>   |                |                |                |                |                |                |                |
| Foreign military financing grants and loans .....                                       | 3,928          | 4,276          | 4,303          | 4,243          | 4,052          | 3,859          | 3,932          |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Economic support fund .....  | 2,463          | 2,286         | 2,403         | 2,411         | 2,427         | 2,464         | 2,500         |
| Other security assistance .....  | 480            | 516           | 532           | 550           | 548           | 536           | 544           |
| Total, International security assistance .....                           | 6,871          | 7,078         | 7,238         | 7,204         | 7,027         | 6,859         | 6,976         |
| <b>Conduct of foreign affairs:</b>                                       |                |               |               |               |               |               |               |
| State Department operations .....  | 2,805          | 3,314         | 3,826         | 3,666         | 3,618         | 3,660         | 3,769         |
| Foreign buildings .....  | 502            | 662           | 809           | 934           | 1,062         | 1,127         | 1,151         |
| Assessed contributions to international organizations .....              | 986            | 882           | 900           | 918           | 924           | 943           | 964           |
| Assessed contributions for international peacekeeping .....              | 334            | 1,136         | 884           | 879           | 898           | 917           | 936           |
| Arrearage payment for international organizations and peacekeeping ..... |                |               | 244           |               |               |               |               |
| Other conduct of foreign affairs .....                                   | 140            | 139           | 142           | 143           | 146           | 150           | 157           |
| Total, Conduct of foreign affairs .....                                  | 4,767          | 6,133         | 6,805         | 6,540         | 6,648         | 6,797         | 6,977         |
| <b>Foreign information and exchange activities:</b>                      |                |               |               |               |               |               |               |
| International broadcasting .....   | 391            | 466           | 474           | 491           | 493           | 507           | 523           |
| Other information and exchange activities .....                          | 423            | 397           | 337           | 330           | 301           | 308           | 315           |
| Total, Foreign information and exchange activities .....                 | 814            | 863           | 811           | 821           | 794           | 815           | 838           |
| <b>International financial programs:</b>                                 |                |               |               |               |               |               |               |
| Export-Import Bank .....   | 864            | 761           | 835           | 874           | 901           | 933           | 994           |
| Special defense acquisition fund .....                                   | -5             |               | 5             |               |               |               |               |
| Other IMF .....  | 17             | 9             |               |               |               |               |               |
| Total, International financial programs .....                            | 876            | 770           | 840           | 874           | 901           | 933           | 994           |
| Total, Discretionary .....   | 21,285         | 23,530        | 24,205        | 24,183        | 24,292        | 24,268        | 24,868        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>International development, humanitarian assistance:</b>               |                |               |               |               |               |               |               |
| Credit liquidating accounts .....  | -1,385         | -1,563        | -1,377        | -1,242        | -1,211        | -1,149        | -1,104        |
| Receipts and other .....   | -54            | -96           | -8            | -9            | -9            | -9            | -9            |
| Total, International development, humanitarian assistance .....          | -1,439         | -1,659        | -1,385        | -1,251        | -1,220        | -1,158        | -1,113        |
| <b>International security assistance:</b>                                |                |               |               |               |               |               |               |
| Foreign military loan reestimates .....                                  | 186            | -208          |               |               |               |               |               |
| Foreign military loan liquidating account .....                          | -670           | -550          | -443          | -365          | -325          | -319          | -314          |
| Total, International security assistance .....                           | -484           | -758          | -443          | -365          | -325          | -319          | -314          |
| <b>Foreign affairs and information:</b>                                  |                |               |               |               |               |               |               |
| Conduct of foreign affairs .....   | -58            | 6             | 1             | -7            | -7            | -7            | -7            |
| Japan-U.S. Friendship Commission .....                                   | 3              | 3             | 3             | 3             | 3             | 3             | 3             |
| Vietnam debt repayment fund, transfers from liquidating fund .....       |                | -6            | -6            | -5            | -5            | -5            | -5            |
| Total, Foreign affairs and information .....                             | -55            | 3             | -2            | -9            | -9            | -9            | -9            |
| <b>International financial programs:</b>                                 |                |               |               |               |               |               |               |
| Foreign military sales trust fund (net) .....                            | -277           |               |               |               |               |               |               |
| International monetary fund .....  | 1,103          |               |               |               |               |               |               |
| Exchange stabilization fund .....  | -1,160         | -1,273        | -1,246        | -1,357        | -1,438        | -1,488        | -1,513        |
| Credit liquidating account (Exim) .....                                  | -1,034         | -630          | -397          | -355          | -358          | -340          | -304          |
| Export-Import Bank—subsidy reestimates .....                             | -573           | -1,975        |               |               |               |               |               |
| Other international financial programs .....                             | -150           | -359          | -70           | -85           | -88           | -94           | -108          |
| Total, International financial programs .....                            | -2,091         | -4,237        | -1,713        | -1,797        | -1,884        | -1,922        | -1,925        |
| Total, Mandatory .....   | -4,069         | -6,651        | -3,543        | -3,422        | -3,438        | -3,408        | -3,361        |
| <b>Total, International affairs</b> .....                                | <b>17,216</b>  | <b>16,879</b> | <b>20,662</b> | <b>20,761</b> | <b>20,854</b> | <b>20,860</b> | <b>21,507</b> |
| <b>250 General science, space, and technology:</b>                       |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>                               |                |               |               |               |               |               |               |
| National Science Foundation programs .....                               | 3,396          | 3,767         | 4,165         | 4,331         | 4,554         | 4,625         | 4,725         |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Department of Energy general science programs .....                                 | 2,778          | 2,993         | 3,212         | 3,283         | 3,355         | 3,428         | 3,503         |
| Total, General science and basic research .....                                     | 6,174          | 6,760         | 7,377         | 7,614         | 7,909         | 8,053         | 8,228         |
| <b>Space flight, research, and supporting activities:</b>                           |                |               |               |               |               |               |               |
| Science, aeronautics and technology .....   | 4,858          | 5,248         | 5,405         | 5,690         | 5,942         | 6,072         | 6,195         |
| Human space flight .....  | 5,497          | 5,421         | 5,565         | 5,642         | 5,758         | 5,882         | 6,003         |
| Mission support .....   | 2,021          | 2,169         | 2,271         | 2,345         | 2,435         | 2,529         | 2,623         |
| Other NASA programs .....   | 51             | 34            | 31            | 25            | 26            | 27            | 28            |
| Total, Space flight, research, and supporting activities .....                      | 12,427         | 12,872        | 13,272        | 13,702        | 14,161        | 14,510        | 14,849        |
| Total, Discretionary .....  | 18,601         | 19,632        | 20,649        | 21,316        | 22,070        | 22,563        | 23,077        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>General science and basic research:</b>  |                |               |               |               |               |               |               |
| National Science Foundation donations .....   | 36             | 91            | 126           | 158           | 150           | 92            | 53            |
| <b>Space flight, research, and supporting activities:</b>                           |                |               |               |               |               |               |               |
| National Space Grant Program .....  |                | 3             |               |               |               |               |               |
| Total, Mandatory .....  | 36             | 94            | 126           | 158           | 150           | 92            | 53            |
| <b>Total, General science, space, and technology .....</b>                          | <b>18,637</b>  | <b>19,726</b> | <b>20,775</b> | <b>21,474</b> | <b>22,220</b> | <b>22,655</b> | <b>23,130</b> |
| <b>270 Energy:</b>  |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Research and development .....  | 1,105          | 1,152         | 1,255         | 1,354         | 1,307         | 1,297         | 1,290         |
| Naval petroleum reserves operations .....   | 27             | 28            | 7             | 2             | 2             | 2             | 2             |
| Uranium enrichment activities .....   | 243            |               |               |               |               |               |               |
| Decontamination transfer .....  | -420           | -419          | -431          | -442          | -454          | -466          | -478          |
| Nuclear waste program .....   | 268            | 173           | 194           | 198           | 202           | 207           | 212           |
| Federal power marketing .....   | 249            | 215           | 178           | 188           | 195           | 202           | 208           |
| Elk Hills school lands fund .....   |                | 36            | 37            | 38            | 38            | 39            | 40            |
| Rural electric and telephone discretionary loans .....                              | 76             | 69            | 70            | 67            | 68            | 74            | 77            |
| Non-defense environmental management and other .....                                | 350            | 703           | 669           | 689           | 701           | 718           | 733           |
| Total, Energy supply .....  | 1,898          | 1,957         | 1,979         | 2,094         | 2,059         | 2,073         | 2,084         |
| <b>Energy conservation and preparedness:</b>  |                |               |               |               |               |               |               |
| Energy conservation .....   | 666            | 743           | 809           | 836           | 854           | 873           | 893           |
| Emergency energy preparedness .....   | 162            | 162           | 167           | 171           | 174           | 179           | 183           |
| Total, Energy conservation and preparedness .....                                   | 828            | 905           | 976           | 1,007         | 1,028         | 1,052         | 1,076         |
| <b>Energy information, policy, and regulation:</b>                                  |                |               |               |               |               |               |               |
| Nuclear Regulatory Commission (NRC) .....   | 33             | 40            | 33            | 45            | 57            | 70            | 393           |
| Federal Energy Regulatory Commission fees and recoveries, and other .....           | -18            | -25           | -26           | -27           | -27           | -28           | -29           |
| Department of Energy departmental administration, OIG, and EIA administration ..... | 218            | 169           | 191           | 229           | 202           | 212           | 218           |
| Total, Energy information, policy, and regulation .....                             | 233            | 184           | 198           | 247           | 232           | 254           | 582           |
| Total, Discretionary .....  | 2,959          | 3,046         | 3,153         | 3,348         | 3,319         | 3,379         | 3,742         |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Energy supply:</b>   |                |               |               |               |               |               |               |
| Naval petroleum reserves oil and gas sales .....                                    | -10            | -8            | -8            |               |               |               |               |
| Federal power marketing .....   | -934           | -1,002        | -764          | -715          | -801          | -769          | -799          |
| Tennessee Valley Authority .....  | -347           | -505          | -260          | -451          | -953          | -1,010        | -1,078        |
| United States Enrichment Corporation .....  | -5             | -64           | -67           | -71           | -75           | -79           | -83           |
| Nuclear waste fund program .....  | -701           | -620          | -640          | -625          | -612          | -637          | -621          |
| Research and development .....  | 2              |               |               |               |               |               |               |
| Rural electric and telephone liquidating accounts .....                             | -2,021         | -1,341        | -1,593        | -1,288        | -1,263        | -1,131        | -1,001        |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate    |             |            |             |             |            |
|---|----------------|-------------|-------------|------------|-------------|-------------|------------|
|   |                | 2001        | 2002        | 2003       | 2004        | 2005        | 2006       |
| Rural electric and telephone loan subsidy reestimates .....           |                | -161        |             |            |             |             |            |
| Total, Energy supply .....  | -4,016         | -3,701      | -3,332      | -3,150     | -3,704      | -3,626      | -3,582     |
| <b>Energy information, policy, and regulation:</b>                    |                |             |             |            |             |             |            |
| Miscellaneous revenues, departmental administration .....             | -3             |             |             |            |             |             |            |
| Total, Mandatory .....  | -4,019         | -3,701      | -3,332      | -3,150     | -3,704      | -3,626      | -3,582     |
| <b>Total, Energy</b> .....  | <b>-1,060</b>  | <b>-655</b> | <b>-179</b> | <b>198</b> | <b>-385</b> | <b>-247</b> | <b>160</b> |
| <b>300 Natural resources and environment:</b>                         |                |             |             |            |             |             |            |
| <b>Discretionary:</b>   |                |             |             |            |             |             |            |
| <b>Water resources:</b>   |                |             |             |            |             |             |            |
| Corps of Engineers .....  | 4,186          | 4,338       | 4,716       | 4,839      | 4,965       | 5,076       | 5,032      |
| Bureau of Reclamation .....   | 802            | 961         | 790         | 812        | 835         | 861         | 886        |
| Watershed, flood prevention, and other .....                          | 291            | 301         | 350         | 298        | 307         | 298         | 303        |
| Total, Water resources .....  | 5,279          | 5,600       | 5,856       | 5,949      | 6,107       | 6,235       | 6,221      |
| <b>Conservation and land management:</b>                              |                |             |             |            |             |             |            |
| Forest Service .....  | 3,223          | 4,235       | 4,449       | 4,571      | 4,661       | 4,814       | 4,973      |
| Management of public lands (BLM) .....                                | 1,356          | 1,525       | 2,028       | 2,184      | 2,094       | 2,157       | 2,224      |
| Conservation of agricultural lands .....                              | 698            | 807         | 804         | 831        | 859         | 886         | 919        |
| Other conservation and land management programs .....                 | 546            | 655         | 712         | 768        | 829         | 888         | 910        |
| Total, Conservation and land management .....                         | 5,823          | 7,222       | 7,993       | 8,354      | 8,443       | 8,745       | 9,026      |
| <b>Recreational resources:</b>  |                |             |             |            |             |             |            |
| Operation of recreational resources .....                             | 2,742          | 3,210       | 3,516       | 3,646      | 3,709       | 3,853       | 3,945      |
| Other recreational resources activities .....                         | 222            | 133         | 207         | 223        | 205         | 202         | 204        |
| Total, Recreational resources .....                                   | 2,964          | 3,343       | 3,723       | 3,869      | 3,914       | 4,055       | 4,149      |
| <b>Pollution control and abatement:</b>                               |                |             |             |            |             |             |            |
| Regulatory, enforcement, and research programs .....                  | 2,641          | 2,900       | 3,075       | 3,215      | 3,251       | 3,318       | 3,402      |
| State and tribal assistance grants .....                              | 3,192          | 3,393       | 3,537       | 3,679      | 3,760       | 3,885       | 3,961      |
| Hazardous substance superfund .....                                   | 1,603          | 1,380       | 1,296       | 1,307      | 1,316       | 1,327       | 1,354      |
| Other control and abatement activities .....                          | 138            | 141         | 144         | 158        | 162         | 168         | 164        |
| Total, Pollution control and abatement .....                          | 7,574          | 7,814       | 8,052       | 8,359      | 8,489       | 8,698       | 8,881      |
| <b>Other natural resources:</b>                                       |                |             |             |            |             |             |            |
| NOAA .....  | 2,317          | 2,556       | 2,908       | 3,083      | 3,214       | 3,347       | 3,432      |
| Other natural resource program activities .....                       | 1,037          | 1,048       | 1,096       | 1,126      | 1,149       | 1,165       | 1,203      |
| Total, Other natural resources .....                                  | 3,354          | 3,604       | 4,004       | 4,209      | 4,363       | 4,512       | 4,635      |
| Total, Discretionary .....  | 24,994         | 27,583      | 29,628      | 30,740     | 31,316      | 32,245      | 32,912     |
| <b>Mandatory:</b>   |                |             |             |            |             |             |            |
| <b>Water resources:</b>   |                |             |             |            |             |             |            |
| Offsetting receipts and other mandatory water resource programs ..... | -198           | -169        | -206        | -76        | -142        | -158        | -168       |
| <b>Conservation and land management:</b>                              |                |             |             |            |             |             |            |
| Conservation Reserve Program and other .....                          | 1,793          | 2,061       | 2,065       | 2,031      | 2,120       | 2,112       | 2,103      |
| Other conservation programs .....                                     | 360            | 526         | 555         | 513        | 513         | 511         | 509        |
| Offsetting receipts .....   | -2,075         | -3,001      | -2,791      | -2,784     | -2,798      | -2,816      | -2,796     |
| Total, Conservation and land management .....                         | 78             | -414        | -171        | -240       | -165        | -193        | -184       |
| <b>Recreational resources:</b>  |                |             |             |            |             |             |            |
| Operation of recreational resources .....                             | 814            | 923         | 921         | 942        | 1,037       | 925         | 928        |
| Offsetting receipts .....   | -359           | -458        | -374        | -309       | -312        | -313        | -315       |
| Total, Recreational resources .....                                   | 455            | 465         | 547         | 633        | 725         | 612         | 613        |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Pollution control and abatement:</b>                      |                |               |               |               |               |               |               |
| Superfund resources and other mandatory .....                | -172           | -148          | -164          | -184          | -170          | -141          | -127          |
| <b>Other natural resources:</b>                              |                |               |               |               |               |               |               |
| Fees and mandatory programs .....                            | -126           | 53            | -89           | -26           | 1             | 3             | 2             |
| Total, Mandatory .....                                       | 37             | -213          | -83           | 107           | 249           | 123           | 136           |
| <b>Total, Natural resources and environment .....</b>        | <b>25,031</b>  | <b>27,370</b> | <b>29,545</b> | <b>30,847</b> | <b>31,565</b> | <b>32,368</b> | <b>33,048</b> |
| <b>350 Agriculture:</b>                                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Agriculture credit loan program .....                        | 391            | 482           | 406           | 420           | 436           | 453           | 470           |
| P.L.480 market development activities .....                  | 342            | 408           | 269           | 161           | 143           | 145           | 149           |
| Administrative expenses .....                                | 860            | 979           | 1,041         | 1,022         | 1,074         | 1,073         | 1,089         |
| Total, Farm income stabilization .....                       | 1,593          | 1,869         | 1,716         | 1,603         | 1,653         | 1,671         | 1,708         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Research and education programs .....                        | 1,349          | 1,467         | 1,537         | 1,673         | 1,655         | 1,672         | 1,701         |
| Integrated research, education, and extension programs ..... | 1              | 17            | 31            | 42            | 43            | 44            | 45            |
| Extension programs .....                                     | 437            | 421           | 477           | 460           | 464           | 466           | 476           |
| Marketing programs .....                                     | 53             | 58            | 69            | 70            | 73            | 75            | 78            |
| Animal and plant inspection programs .....                   | 526            | 894           | 890           | 921           | 951           | 982           | 1,015         |
| Economic intelligence .....                                  | 173            | 165           | 173           | 180           | 185           | 192           | 199           |
| Grain inspection and packers program .....                   | 25             | 32            | 33            | 33            | 34            | 34            | 35            |
| Foreign agricultural service .....                           | 125            | 105           | 120           | 124           | 129           | 132           | 137           |
| Other programs and unallocated overhead .....                | 369            | 457           | 452           | 468           | 481           | 496           | 509           |
| Total, Agricultural research and services .....              | 3,058          | 3,616         | 3,782         | 3,971         | 4,015         | 4,093         | 4,195         |
| Total, Discretionary .....                                   | 4,651          | 5,485         | 5,498         | 5,574         | 5,668         | 5,764         | 5,903         |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Farm income stabilization:</b>                            |                |               |               |               |               |               |               |
| Commodity Credit Corporation .....                           | 30,484         | 18,447        | 10,986        | 7,213         | 5,963         | 5,808         | 5,902         |
| Crop insurance and other farm credit activities .....        | 2,473          | 2,697         | 2,758         | 2,949         | 3,105         | 3,254         | 3,439         |
| Credit liquidating accounts (ACIF and FAC) .....             | -1,098         | -917          | -883          | -867          | -786          | -743          | -676          |
| Total, Farm income stabilization .....                       | 31,859         | 20,227        | 12,861        | 9,295         | 8,282         | 8,319         | 8,665         |
| <b>Agricultural research and services:</b>                   |                |               |               |               |               |               |               |
| Miscellaneous mandatory programs .....                       | 291            | 410           | 463           | 684           | 637           | 628           | 592           |
| Offsetting receipts .....                                    | -160           | -200          | -162          | -160          | -160          | -158          | -158          |
| Total, Agricultural research and services .....              | 131            | 210           | 301           | 524           | 477           | 470           | 434           |
| Total, Mandatory .....                                       | 31,990         | 20,437        | 13,162        | 9,819         | 8,759         | 8,789         | 9,099         |
| <b>Total, Agriculture .....</b>                              | <b>36,641</b>  | <b>25,922</b> | <b>18,660</b> | <b>15,393</b> | <b>14,427</b> | <b>14,553</b> | <b>15,002</b> |
| <b>370 Commerce and housing credit:</b>                      |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Mortgage credit:</b>                                      |                |               |               |               |               |               |               |
| Federal Housing Administration (FHA) loan programs .....     | -1,128         | -1,176        | -1,391        | -1,607        | -1,775        | -1,846        | -1,753        |
| Government National Mortgage Association (GNMA) .....        | -303           | -347          | -332          | -331          | -331          | -330          | -330          |
| Other housing and urban development .....                    | -61            | -100          | -139          | -135          | -135          | -136          | -139          |
| Rural housing insurance fund .....                           | 559            | 658           | 690           | 698           | 719           | 744           | 775           |
| Total, Mortgage credit .....                                 | -933           | -965          | -1,172        | -1,375        | -1,522        | -1,568        | -1,447        |
| <b>Postal service:</b>                                       |                |               |               |               |               |               |               |
| Payments to the Postal Service fund (On-budget) .....        | 100            | 93            | 97            | 99            | 101           | 103           | 105           |
| <b>Deposit insurance:</b>                                    |                |               |               |               |               |               |               |
| National credit union administration .....                   | 1              |               | -1            |               |               |               |               |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate    |              |              |              |              |              |
|--|----------------|-------------|--------------|--------------|--------------|--------------|--------------|
|  |                | 2001        | 2002         | 2003         | 2004         | 2005         | 2006         |
| <b>Other advancement of commerce:</b>                            |                |             |              |              |              |              |              |
| Small and minority business assistance .....                     | 581            | 686         | 785          | 797          | 782          | 800          | 816          |
| Science and technology .....                                     | 635            | 690         | 735          | 717          | 679          | 693          | 709          |
| Economic and demographic statistics .....                        | 4,169          | 1,355       | 569          | 513          | 532          | 549          | 569          |
| Regulatory agencies .....  | -401           | -462        | -490         | -539         | -546         | -647         | -765         |
| International Trade Administration .....                         | 336            | 305         | 332          | 354          | 364          | 376          | 389          |
| Patent and trademark salaries and expenses .....                 | -134           | -230        | -198         | -208         | -224         | -220         | -246         |
| Other discretionary .....  | 120            | 222         | 141          | 142          | 148          | 154          | 158          |
| Total, Other advancement of commerce .....                       | 5,306          | 2,566       | 1,874        | 1,776        | 1,735        | 1,705        | 1,630        |
| Total, Discretionary .....                                       | 4,474          | 1,694       | 798          | 500          | 314          | 240          | 288          |
| <b>Mandatory:</b>  |                |             |              |              |              |              |              |
| <b>Mortgage credit:</b>  |                |             |              |              |              |              |              |
| FHA General and special risk negative subsidies .....            |                | -304        | -200         | -42          | -99          | -17          | -15          |
| FHA mutual mortgage insurance receipts (intragovernmental) ..... |                | -4,027      |              | -77          | -238         | -408         | -580         |
| GNMA receipts (intragovernmental) .....                          |                | -6,610      | -439         | -405         | -429         | -453         | -479         |
| Indian housing loan guarantee receipts .....                     |                | -6          |              |              |              |              |              |
| Mortgage credit reestimates .....                                |                | 4,073       |              |              |              |              |              |
| FHA general and special risk insurance liquidating account ..... | 443            | 1,600       | 1,950        | 1,716        | 722          | 537          | 263          |
| GNMA liquidating account .....                                   | -389           | 6,216       |              |              |              |              |              |
| Other credit liquidating accounts .....                          | -2,455         | 1,044       | -2,768       | -2,805       | -2,835       | -2,927       | -3,153       |
| Other mortgage credit activities .....                           | -1             | 274         |              |              |              |              |              |
| Total, Mortgage credit .....                                     | -2,402         | 2,260       | -1,457       | -1,613       | -2,879       | -3,268       | -3,964       |
| <b>Postal service:</b>   |                |             |              |              |              |              |              |
| Postal Service (Off-budget) .....                                | 2,029          | 2,596       | 3,061        | -502         | -719         | -1,318       | -1,812       |
| <b>Deposit insurance:</b>  |                |             |              |              |              |              |              |
| Bank Insurance Fund .....  | -909           | -756        | -195         | 672          | 997          | 1,638        | 904          |
| FSLIC Resolution Fund .....                                      | -1,396         | 116         | 262          | -60          | 15           | -97          | -63          |
| Savings Association Insurance Fund .....                         | -562           | -112        | -248         | -119         | 34           | 56           | 98           |
| National credit union administration .....                       | -208           | -244        | -395         | -345         | -360         | -380         | -401         |
| Other deposit insurance activities .....                         | 23             | 10          | 22           | 19           | 27           | 28           | 29           |
| Total, Deposit insurance .....                                   | -3,052         | -986        | -554         | 167          | 713          | 1,245        | 567          |
| <b>Other advancement of commerce:</b>                            |                |             |              |              |              |              |              |
| Universal service fund .....                                     | 4,074          | 6,483       | 5,468        | 6,487        | 6,730        | 7,309        | 7,906        |
| Payments to copyright owners .....                               | 375            | 257         | 161          | 251          | 229          | 242          | 254          |
| Spectrum auction subsidy .....                                   | -1,821         | -12,201     | 8            | 8            | 8            | 8            | 8            |
| Regulatory fees .....  | -25            | -26         | -26          | -26          | -26          | -26          | -26          |
| Credit liquidating accounts .....                                | -258           | -137        | -63          | -48          | -36          | -29          | -22          |
| Business loan program, subsidy reestimate .....                  | -284           | -722        |              |              |              |              |              |
| Other mandatory .....  | 101            | 14          | 26           | 26           | 26           | 26           | 26           |
| Total, Other advancement of commerce .....                       | 2,162          | -6,332      | 5,574        | 6,698        | 6,931        | 7,530        | 8,146        |
| Total, Mandatory .....   | -1,263         | -2,462      | 6,624        | 4,750        | 4,046        | 4,189        | 2,937        |
| <b>Total, Commerce and housing credit .....</b>                  | <b>3,211</b>   | <b>-768</b> | <b>7,422</b> | <b>5,250</b> | <b>4,360</b> | <b>4,429</b> | <b>3,225</b> |
| <b>400 Transportation:</b>                                       |                |             |              |              |              |              |              |
| <b>Discretionary:</b>  |                |             |              |              |              |              |              |
| <b>Ground transportation:</b>                                    |                |             |              |              |              |              |              |
| Highways .....   | 23,990         | 26,049      | 29,095       | 30,964       | 32,217       | 33,389       | 34,391       |
| State infrastructure banks .....                                 | 19             | 8           | 8            | 6            | 5            | 2            |              |
| Highway safety .....   | 485            | 673         | 707          | 707          | 722          | 734          | 751          |
| Mass transit .....   | 5,331          | 5,508       | 5,731        | 5,733        | 6,044        | 6,557        | 6,664        |
| Railroads .....  | 761            | 836         | 748          | 778          | 799          | 815          | 835          |
| Regulation .....   | 16             | 18          | 18           | 19           | 19           | 20           | 21           |
| Total, Ground transportation .....                               | 30,602         | 33,092      | 36,307       | 38,207       | 39,806       | 41,517       | 42,662       |
| <b>Air transportation:</b>                                       |                |             |              |              |              |              |              |
| Airports and airways (FAA) .....                                 | 9,562          | 11,019      | 12,049       | 12,797       | 13,388       | 14,019       | 14,510       |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Aeronautical research and technology .....                  | 1,014          | 901           | 1,009         | 1,086         | 997           | 1,025         | 1,053         |
| Payments to air carriers .....                              | -5             | 20            |               |               |               |               |               |
| Total, Air transportation .....                             | 10,571         | 11,940        | 13,058        | 13,883        | 14,385        | 15,044        | 15,563        |
| <b>Water transportation:</b>                                |                |               |               |               |               |               |               |
| Marine safety and transportation .....                      | 3,271          | 3,383         | 3,514         | 3,461         | 3,607         | 3,732         | 3,861         |
| Ocean shipping .....  | 86             | 149           | 120           | 146           | 156           | 163           | 171           |
| Panama Canal Commission .....                               | 15             |               |               |               |               |               |               |
| Total, Water transportation .....                           | 3,372          | 3,532         | 3,634         | 3,607         | 3,763         | 3,895         | 4,032         |
| <b>Other transportation:</b>                                |                |               |               |               |               |               |               |
| Department of Transportation administration and other ..... | 202            | 296           | 252           | 261           | 273           | 280           | 289           |
| Total, Discretionary .....                                  | 44,747         | 48,860        | 53,251        | 55,958        | 58,227        | 60,736        | 62,546        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Ground transportation:</b>                               |                |               |               |               |               |               |               |
| Highways .....  | 1,244          | 1,428         | 1,269         | 1,137         | 1,034         | 928           | 863           |
| Offsetting receipts and credit subsidy reestimates .....    | -99            | -33           | -33           | -33           | -33           | -33           | -33           |
| Credit liquidating accounts .....                           | -50            | -29           | -29           | -29           | -29           | -29           | -24           |
| Total, Ground transportation .....                          | 1,095          | 1,366         | 1,207         | 1,075         | 972           | 866           | 806           |
| <b>Air transportation:</b>                                  |                |               |               |               |               |               |               |
| Payments to air carriers .....                              |                | 30            | 44            | 40            | 40            | 40            | 40            |
| <b>Water transportation:</b>                                |                |               |               |               |               |               |               |
| Coast Guard retired pay .....                               | 713            | 760           | 861           | 943           | 985           | 1,024         | 1,063         |
| Other water transportation programs .....                   | 309            | 65            | 25            | -11           | -14           | -16           | -18           |
| Total, Water transportation .....                           | 1,022          | 825           | 886           | 932           | 971           | 1,008         | 1,045         |
| <b>Other transportation:</b>                                |                |               |               |               |               |               |               |
| Sale of Governors Island .....                              |                |               | -340          |               |               |               |               |
| Other mandatory transportation programs .....               | -10            | -2            | -1            | -1            | -1            | -1            | -1            |
| Total, Other transportation .....                           | -10            | -2            | -341          | -1            | -1            | -1            | -1            |
| Total, Mandatory .....                                      | 2,107          | 2,219         | 1,796         | 2,046         | 1,982         | 1,913         | 1,890         |
| <b>Total, Transportation .....</b>                          | <b>46,854</b>  | <b>51,079</b> | <b>55,047</b> | <b>58,004</b> | <b>60,209</b> | <b>62,649</b> | <b>64,436</b> |
| <b>450 Community and regional development:</b>              |                |               |               |               |               |               |               |
| <b>Discretionary:</b>                                       |                |               |               |               |               |               |               |
| <b>Community development:</b>                               |                |               |               |               |               |               |               |
| Community development block grant .....                     | 4,955          | 4,940         | 5,044         | 5,091         | 5,213         | 5,323         | 5,443         |
| Community development loan guarantees .....                 | 7              | 20            | 22            | 27            | 31            | 32            | 32            |
| Community adjustment and investment program .....           | 6              | 8             |               |               |               |               |               |
| Community development financial institutions .....          | 96             | 115           | 116           | 121           | 123           | 124           | 127           |
| Brownfields redevelopment .....                             | 4              | 25            | 30            | 33            | 33            | 30            | 27            |
| Other community development programs .....                  | 403            | 461           | 504           | 567           | 589           | 619           | 638           |
| Total, Community development .....                          | 5,471          | 5,569         | 5,716         | 5,839         | 5,989         | 6,128         | 6,267         |
| <b>Area and regional development:</b>                       |                |               |               |               |               |               |               |
| Rural development .....                                     | 755            | 964           | 1,015         | 1,116         | 1,203         | 1,229         | 1,230         |
| Economic Development Administration .....                   | 383            | 460           | 462           | 464           | 459           | 467           | 478           |
| Indian programs .....                                       | 1,097          | 1,151         | 1,336         | 1,393         | 1,515         | 1,538         | 1,576         |
| Appalachian Regional Commission .....                       | 132            | 115           | 111           | 81            | 82            | 95            | 94            |
| Tennessee Valley Authority .....                            | 40             | 7             | 2             | 1             | 1             | 1             | 1             |
| Denali Commission .....                                     | 43             | 23            | 50            | 42            | 43            | 45            | 45            |
| Delta Regional Authority .....                              |                | 2             | 6             | 12            | 16            | 19            | 21            |
| Total, Area and regional development .....                  | 2,450          | 2,722         | 2,982         | 3,109         | 3,319         | 3,394         | 3,445         |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Disaster relief and insurance:</b>                            |                |               |               |               |               |               |               |
| Disaster relief .....  | 2,628          | 2,236         | 2,545         | 2,758         | 2,549         | 2,391         | 2,057         |
| Small Business Administration disaster loans .....               | 306            | 266           | 197           | 203           | 195           | 199           | 203           |
| Disaster loan program, negative subsidies .....                  |                | -595          |               |               |               |               |               |
| Other disaster assistance programs .....                         | 570            | 1,021         | 990           | 825           | 798           | 803           | 820           |
| Total, Disaster relief and insurance .....                       | 3,504          | 2,928         | 3,732         | 3,786         | 3,542         | 3,393         | 3,080         |
| Total, Discretionary .....                                       | 11,425         | 11,219        | 12,430        | 12,734        | 12,850        | 12,915        | 12,792        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Community development:</b>                                    |                |               |               |               |               |               |               |
| Pennsylvania Avenue activities and other programs .....          | 45             | 13            |               |               |               |               |               |
| Credit liquidating accounts .....                                | -36            | -33           | -32           | -23           | -15           | -12           | -10           |
| Total, Community development .....                               | 9              | -20           | -32           | -23           | -15           | -12           | -10           |
| <b>Area and regional development:</b>                            |                |               |               |               |               |               |               |
| Indian programs .....  | 153            | 164           | 168           | 173           | 180           | 186           | 192           |
| Rural development programs .....                                 | 58             | 161           | 97            | 39            | 35            | 35            | 35            |
| Credit liquidating accounts .....                                | 11             | 27            | -159          | -383          | -418          | -508          | -527          |
| Offsetting receipts .....  | -134           | -317          | -151          | -156          | -164          | -169          | -172          |
| Total, Area and regional development .....                       | 88             | 35            | -45           | -327          | -367          | -456          | -472          |
| <b>Disaster relief and insurance:</b>                            |                |               |               |               |               |               |               |
| National flood insurance fund .....                              | -197           | -209          | -239          | -325          | -347          | -365          | -383          |
| Radiological emergency preparedness fees .....                   | -1             |               |               |               |               |               |               |
| Disaster loans program account .....                             | 68             | 45            |               |               |               |               |               |
| SBA disaster loan subsidy reestimates .....                      | -516           | -384          |               |               |               |               |               |
| Disaster assistance, downward reestimates .....                  |                | -10           |               |               |               |               |               |
| Credit liquidating accounts .....                                | -247           | -104          | 38            | 13            | 10            |               |               |
| Total, Disaster relief and insurance .....                       | -893           | -662          | -201          | -312          | -337          | -365          | -383          |
| Total, Mandatory .....   | -796           | -647          | -278          | -662          | -719          | -833          | -865          |
| <b>Total, Community and regional development .....</b>           | <b>10,629</b>  | <b>10,572</b> | <b>12,152</b> | <b>12,072</b> | <b>12,131</b> | <b>12,082</b> | <b>11,927</b> |
| <b>500 Education, training, employment, and social services:</b> |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Elementary, secondary, and vocational education:</b>          |                |               |               |               |               |               |               |
| Education for the disadvantaged .....                            | 8,529          | 8,471         | 9,332         | 9,684         | 9,902         | 10,110        | 10,323        |
| Impact aid .....   | 877            | 1,140         | 1,009         | 1,036         | 1,054         | 1,076         | 1,098         |
| School improvement .....   | 2,521          | 3,098         | 3,909         | 4,803         | 5,035         | 5,141         | 5,249         |
| Education reform .....   | 1,243          | 1,963         | 1,819         | 1,905         | 1,949         | 1,989         | 2,032         |
| Bilingual and immigrant education .....                          | 363            | 448           | 442           | 464           | 476           | 487           | 497           |
| Special education .....  | 4,949          | 5,815         | 6,813         | 7,471         | 7,693         | 7,854         | 8,020         |
| Vocational and adult education .....                             | 1,462          | 1,723         | 1,778         | 1,847         | 1,892         | 1,932         | 1,972         |
| Reading excellence .....   | 27             | 186           | 236           | 278           | 286           | 292           | 298           |
| Indian education .....   | 595            | 647           | 697           | 749           | 770           | 783           | 797           |
| Other .....  | 12             | 17            | 14            | 13            | 13            | 13            | 14            |
| Total, Elementary, secondary, and vocational education .....     | 20,578         | 23,508        | 26,049        | 28,250        | 29,070        | 29,677        | 30,300        |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Student financial assistance .....                               | 9,060          | 10,061        | 10,949        | 11,035        | 11,163        | 11,401        | 11,639        |
| Higher education .....   | 1,091          | 1,559         | 1,793         | 1,909         | 1,981         | 2,023         | 2,065         |
| Federal family education loan program .....                      | 38             | 56            | 50            | 51            | 53            | 55            | 57            |
| Other higher education programs .....                            | 357            | 390           | 403           | 413           | 424           | 432           | 441           |
| Total, Higher education .....                                    | 10,546         | 12,066        | 13,195        | 13,408        | 13,621        | 13,911        | 14,202        |
| <b>Research and general education aids:</b>                      |                |               |               |               |               |               |               |
| Library of Congress .....  | 299            | 305           | 458           | 455           | 471           | 484           | 501           |
| Public broadcasting .....  | 337            | 374           | 396           | 419           | 437           | 448           | 457           |
| Smithsonian institution and related agencies .....               | 517            | 636           | 642           | 599           | 632           | 654           | 684           |
| Education research, statistics, and improvement .....            | 557            | 719           | 701           | 736           | 753           | 768           | 785           |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Other .....  | 794            | 916           | 969           | 994           | 1,014         | 1,029         | 1,057         |
| Total, Research and general education aids .....                         | 2,504          | 2,950         | 3,166         | 3,203         | 3,307         | 3,383         | 3,484         |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Training and employment services .....                                   | 4,282          | 5,191         | 6,150         | 6,367         | 5,893         | 6,018         | 6,147         |
| Older Americans employment .....   | 400            | 477           | 441           | 451           | 460           | 470           | 480           |
| Federal-State employment service .....                                   | 1,314          | 1,267         | 1,313         | 1,353         | 1,385         | 1,415         | 1,446         |
| Other employment and training .....                                      | 101            | 118           | 114           | 118           | 123           | 128           | 133           |
| Total, Training and employment .....                                     | 6,097          | 7,053         | 8,018         | 8,289         | 7,861         | 8,031         | 8,206         |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Labor law, statistics, and other administration .....                    | 1,194          | 1,394         | 1,473         | 1,543         | 1,599         | 1,652         | 1,707         |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Corporation for National and Community Service .....                     | 386            | 498           | 451           | 412           | 467           | 487           | 498           |
| National Service .....   | 298            | 312           | 313           | 324           | 350           | 305           | 312           |
| Children and families services programs .....                            | 6,151          | 6,642         | 7,861         | 8,185         | 8,372         | 8,548         | 8,733         |
| Aging services program .....   | 885            | 1,017         | 1,106         | 1,146         | 1,166         | 1,189         | 1,215         |
| Other .....  | 296            | 666           | 414           | 423           | 432           | 441           | 450           |
| Total, Social services .....   | 8,016          | 9,135         | 10,145        | 10,490        | 10,787        | 10,970        | 11,208        |
| Total, Discretionary .....   | 48,935         | 56,106        | 62,046        | 65,183        | 66,245        | 67,624        | 69,107        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Higher education:</b>   |                |               |               |               |               |               |               |
| Federal family education loan program .....                              | 4,307          | -1,145        | 3,658         | 3,397         | 2,850         | 2,771         | 2,907         |
| Federal direct loan program .....  | -2,862         | -442          | -639          | -449          | -65           | -96           | -193          |
| Other higher education programs .....                                    | -240           | -174          | -193          | -98           | -129          | -38           | 149           |
| Credit liquidating account (Family education loan program) .....         | -1,635         | -700          | -604          | -466          | -340          | -239          | -167          |
| Total, Higher education .....  | -430           | -2,461        | 2,222         | 2,384         | 2,316         | 2,398         | 2,696         |
| <b>Research and general education aids:</b>                              |                |               |               |               |               |               |               |
| Mandatory programs .....   | 28             | 79            | 35            | 33            | 28            | 26            | 23            |
| <b>Training and employment:</b>  |                |               |               |               |               |               |               |
| Trade adjustment assistance .....  | 133            | 141           | 96            | 26            |               |               |               |
| Proposed Legislation (non-PAYGO) .....                                   |                |               | 40            | 106           | 132           | 132           | 132           |
| Subtotal, Trade adjustment assistance .....                              | 133            | 141           | 136           | 132           | 132           | 132           | 132           |
| Welfare to work grants .....   | 527            | 850           | 690           | 275           | 85            |               |               |
| Payments to States for AFDC work programs .....                          | 15             | 9             | 3             |               |               |               |               |
| Other mandatory training and employment services .....                   |                | 75            | 134           | 185           | 203           | 100           | 26            |
| Total, Training and employment .....                                     | 675            | 1,075         | 963           | 592           | 420           | 232           | 158           |
| <b>Other labor services:</b>   |                |               |               |               |               |               |               |
| Other labor services .....   | 5              | 11            | 16            | 16            |               |               |               |
| <b>Social services:</b>  |                |               |               |               |               |               |               |
| Payments to States for foster care and adoption assistance .....         | 5,453          | 6,055         | 6,540         | 6,959         | 7,415         | 8,018         | 8,677         |
| Promoting safe and stable families .....                                 | 245            | 276           | 293           | 304           | 305           | 305           | 305           |
| Social services block grant .....  | 1,827          | 1,907         | 1,809         | 1,804         | 1,804         | 1,804         | 1,729         |
| Rehabilitation services .....  | 2,463          | 2,196         | 2,455         | 2,521         | 2,585         | 2,652         | 2,719         |
| Other social services .....  |                | 7             | 11            | 15            | 16            | 12            | 8             |
| Total, Social services .....   | 9,988          | 10,441        | 11,108        | 11,603        | 12,125        | 12,791        | 13,438        |
| Total, Mandatory .....   | 10,266         | 9,145         | 14,344        | 14,628        | 14,889        | 15,447        | 16,315        |
| <b>Total, Education, training, employment, and social services .....</b> | <b>59,201</b>  | <b>65,251</b> | <b>76,390</b> | <b>79,811</b> | <b>81,134</b> | <b>83,071</b> | <b>85,422</b> |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate |         |         |         |          |          |
|--|----------------|----------|---------|---------|---------|----------|----------|
|  |                | 2001     | 2002    | 2003    | 2004    | 2005     | 2006     |
| <b>550 Health:</b>   |                |          |         |         |         |          |          |
| <b>Discretionary:</b>  |                |          |         |         |         |          |          |
| <b>Health care services:</b>   |                |          |         |         |         |          |          |
| Substance abuse and mental health services .....                       | 2,499          | 2,666    | 2,855   | 2,988   | 3,068   | 3,143    | 3,217    |
| Indian health .....  | 2,344          | 2,439    | 2,702   | 2,748   | 2,834   | 2,897    | 2,971    |
| Health Resources and Services Administration .....                     | 3,785          | 4,224    | 4,825   | 5,075   | 5,222   | 5,360    | 5,476    |
| Disease control, research, and training .....                          | 2,317          | 2,903    | 3,398   | 3,626   | 3,738   | 3,841    | 3,931    |
| Departmental management and other .....                                | 796            | 736      | 794     | 741     | 741     | 769      | 794      |
| Total, Health care services .....                                      | 11,741         | 12,968   | 14,574  | 15,178  | 15,603  | 16,010   | 16,389   |
| <b>Health research and training:</b>                                   |                |          |         |         |         |          |          |
| National Institutes of Health .....                                    | 15,373         | 17,809   | 19,974  | 20,717  | 21,175  | 21,660   | 22,150   |
| Clinical training .....  | 332            | 427      | 556     | 594     | 616     | 634      | 647      |
| Other health research and training .....                               | 243            | 371      | 392     | 412     | 423     | 436      | 449      |
| Total, Health research and training .....                              | 15,948         | 18,607   | 20,922  | 21,723  | 22,214  | 22,730   | 23,246   |
| <b>Consumer and occupational health and safety:</b>                    |                |          |         |         |         |          |          |
| Food safety and inspection .....                                       | 647            | 695      | 744     | 754     | 783     | 815      | 848      |
| Occupational safety and health .....                                   | 607            | 676      | 708     | 733     | 758     | 782      | 810      |
| FDA and Consumer Product Safety Commission salaries and expenses ..... | 1,070          | 1,150    | 1,198   | 1,244   | 1,292   | 1,320    | 1,365    |
| Total, Consumer and occupational health and safety .....               | 2,324          | 2,521    | 2,650   | 2,731   | 2,833   | 2,917    | 3,023    |
| Total, Discretionary .....   | 30,013         | 34,096   | 38,146  | 39,632  | 40,650  | 41,657   | 42,658   |
| <b>Mandatory:</b>  |                |          |         |         |         |          |          |
| <b>Health care services:</b>   |                |          |         |         |         |          |          |
| Medicaid grants .....  | 117,921        | 128,853  | 143,029 | 153,786 | 167,410 | 182,381  | 198,256  |
| State children's health insurance fund .....                           | 1,220          | 4,032    | 3,355   | 4,072   | 4,260   | 4,290    | 4,370    |
| Federal employees' and retired employees' health benefits .....        | 4,818          | 4,761    | 4,881   | 5,407   | 6,189   | 7,063    | 7,786    |
| DoD Medicare-eligible retiree health care fund .....                   |                |          |         | 4,784   | 4,994   | 5,213    | 5,442    |
| UMWA Funds (coal miner retiree health) .....                           | 196            | 252      | 235     | 187     | 178     | 171      | 164      |
| Ricky Ray hemophilia relief fund .....                                 |                | 333      | 244     | 3       |         |          |          |
| Other mandatory health services activities .....                       | 335            | 539      | 542     | 573     | 504     | 504      | 523      |
| Total, Health care services .....                                      | 124,490        | 138,770  | 152,286 | 168,812 | 183,535 | 199,622  | 216,541  |
| <b>Health research and safety:</b>                                     |                |          |         |         |         |          |          |
| Health research and training .....                                     | 31             | -60      | 77      | 101     | 101     | 50       | 12       |
| Total, Mandatory .....   | 124,521        | 138,710  | 152,363 | 168,913 | 183,636 | 199,672  | 216,553  |
| <b>Total, Health</b> .....   | 154,534        | 172,806  | 190,509 | 208,545 | 224,286 | 241,329  | 259,211  |
| <b>570 Medicare:</b>   |                |          |         |         |         |          |          |
| <b>Discretionary:</b>  |                |          |         |         |         |          |          |
| <b>Medicare:</b>   |                |          |         |         |         |          |          |
| Hospital insurance (HI) administrative expenses .....                  | 1,222          | 1,440    | 1,553   | 1,622   | 1,699   | 1,782    | 1,871    |
| Supplementary medical insurance (SMI) administrative expenses .....    | 1,776          | 1,816    | 1,897   | 1,973   | 2,056   | 2,145    | 2,241    |
| Total, Discretionary .....   | 2,998          | 3,256    | 3,450   | 3,595   | 3,755   | 3,927    | 4,112    |
| <b>Mandatory:</b>  |                |          |         |         |         |          |          |
| <b>Medicare:</b>   |                |          |         |         |         |          |          |
| Hospital insurance (HI) .....  | 128,808        | 141,328  | 145,684 | 151,475 | 158,535 | 169,743  | 175,148  |
| Supplementary medical insurance (SMI) .....                            | 87,216         | 99,463   | 107,830 | 117,006 | 125,192 | 136,063  | 142,222  |
| HI premiums and collections .....                                      | -1,392         | -1,397   | -1,488  | -1,551  | -1,643  | -1,744   | -1,855   |
| SMI premiums and collections .....                                     | -20,515        | -22,036  | -25,546 | -28,345 | -29,851 | -33,276  | -36,087  |
| Quinquennial adjustment (HI) .....                                     |                | -1,332   |         |         |         |          |          |
| HI interfunds .....  | -9,512         | -8,110   | -8,687  | -9,194  | -9,922  | -10,643  | -11,441  |
| SMI interfunds .....   | -65,561        | -69,788  | -81,347 | -88,783 | -92,549 | -102,042 | -110,380 |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| General fund payment to HI and SMI trust funds .....                          | 75,071         | 77,874   | 90,002  | 97,967  | 102,469 | 112,683 | 121,819 |
| Total, Mandatory .....  | 194,115        | 216,002  | 226,448 | 238,575 | 252,231 | 270,784 | 279,426 |
| <b>Total, Medicare</b> .....  | 197,113        | 219,258  | 229,898 | 242,170 | 255,986 | 274,711 | 283,538 |
| <b>600 Income security:</b>   |                |          |         |         |         |         |         |
| <b>Discretionary:</b>   |                |          |         |         |         |         |         |
| <b>General retirement and disability insurance:</b>                           |                |          |         |         |         |         |         |
| Railroad retirement .....   | 267            | 261      | 267     | 272     | 276     | 282     | 288     |
| Pension Benefit Guaranty Corporation .....                                    | 11             | 12       | 12      | 13      | 13      | 13      | 14      |
| Pension and Welfare Benefits Administration and other .....                   | 94             | 108      | 114     | 117     | 121     | 125     | 131     |
| Total, General retirement and disability insurance .....                      | 372            | 381      | 393     | 402     | 410     | 420     | 433     |
| <b>Federal employee retirement and disability:</b>                            |                |          |         |         |         |         |         |
| Civilian retirement and disability program administrative expenses .....      | 85             | 92       | 96      | 99      | 103     | 107     | 111     |
| Armed forces retirement home .....  | 64             | 64       | 71      | 84      | 89      | 93      | 97      |
| Total, Federal employee retirement and disability .....                       | 149            | 156      | 167     | 183     | 192     | 200     | 208     |
| <b>Unemployment compensation:</b>   |                |          |         |         |         |         |         |
| Unemployment programs administrative expenses .....                           | 2,270          | 2,369    | 2,483   | 2,440   | 2,492   | 2,565   | 2,648   |
| <b>Housing assistance:</b>  |                |          |         |         |         |         |         |
| Public housing operating fund .....   | 2,836          | 3,217    | 3,296   | 3,337   | 3,406   | 3,477   | 3,550   |
| Public housing capital fund .....   | 3,690          | 3,718    | 3,581   | 3,639   | 3,700   | 3,759   | 3,775   |
| Subsidized, public, homeless and other HUD housing .....                      | 21,622         | 23,273   | 24,736  | 25,357  | 25,904  | 26,514  | 27,155  |
| Rural housing assistance .....  | 640            | 723      | 783     | 809     | 840     | 866     | 886     |
| Total, Housing assistance .....   | 28,788         | 30,931   | 32,396  | 33,142  | 33,850  | 34,616  | 35,366  |
| <b>Food and nutrition assistance:</b>   |                |          |         |         |         |         |         |
| Special supplemental food program for women, infants, and children (WIC) .... | 3,950          | 4,084    | 4,121   | 4,207   | 4,296   | 4,386   | 4,478   |
| Other nutrition programs .....  | 513            | 572      | 595     | 609     | 625     | 640     | 658     |
| Total, Food and nutrition assistance .....                                    | 4,463          | 4,656    | 4,716   | 4,816   | 4,921   | 5,026   | 5,136   |
| <b>Other income assistance:</b>   |                |          |         |         |         |         |         |
| Refugee assistance .....  | 383            | 451      | 447     | 455     | 462     | 472     | 482     |
| Low income home energy assistance .....                                       | 1,495          | 2,241    | 1,548   | 1,612   | 1,646   | 1,683   | 1,717   |
| Child care and development block grant .....                                  | 1,070          | 1,686    | 1,968   | 2,058   | 2,109   | 2,154   | 2,199   |
| Supplemental security income (SSI) administrative expenses .....              | 2,424          | 2,589    | 2,673   | 2,763   | 2,860   | 2,959   | 3,065   |
| Total, Other income assistance .....  | 5,372          | 6,967    | 6,636   | 6,888   | 7,077   | 7,268   | 7,463   |
| Total, Discretionary .....  | 41,414         | 45,460   | 46,791  | 47,871  | 48,942  | 50,095  | 51,254  |
| <b>Mandatory:</b>   |                |          |         |         |         |         |         |
| <b>General retirement and disability insurance:</b>                           |                |          |         |         |         |         |         |
| Railroad retirement .....   | 4,429          | 5,111    | 4,631   | 4,751   | 4,903   | 5,053   | 5,414   |
| Special benefits for disabled coal miners .....                               | 992            | 955      | 904     | 860     | 819     | 776     | 735     |
| Pension Benefit Guaranty Corporation .....                                    | -1,156         | -1,212   | -1,616  | -1,518  | -1,681  | -1,721  | -1,735  |
| District of Columbia pension funds .....                                      | 200            | 213      | 227     | 239     | 250     | 262     | 273     |
| Proceeds from sale of DC retirement fund assets .....                         | -3             |          |         |         |         |         |         |
| Special workers' compensation program .....                                   | 141            | 146      | 146     | 149     | 150     | 149     | 149     |
| Total, General retirement and disability insurance .....                      | 4,603          | 5,213    | 4,292   | 4,481   | 4,441   | 4,519   | 4,836   |
| <b>Federal employee retirement and disability:</b>                            |                |          |         |         |         |         |         |
| Federal civilian employee retirement and disability .....                     | 45,619         | 47,956   | 50,157  | 52,565  | 54,932  | 57,380  | 59,871  |
| Military retirement .....   | 32,808         | 34,223   | 35,266  | 36,278  | 37,302  | 38,309  | 39,355  |
| Federal employees workers' compensation (FECA) .....                          | 27             | 137      | 147     | 184     | 177     | 183     | 193     |
| Federal employees life insurance fund .....                                   | -1,451         | -1,296   | -1,266  | -1,233  | -1,215  | -1,166  | -1,109  |
| Total, Federal employee retirement and disability .....                       | 77,003         | 81,020   | 84,304  | 87,794  | 91,196  | 94,706  | 98,310  |

**Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued**

(in millions of dollars)

| Function and Program   | 2000 Actual    | Estimate       |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>Unemployment compensation:</b>  |                |                |                |                |                |                |                |
| Unemployment insurance programs .....  | 20,471         | 25,164         | 28,046         | 28,744         | 30,550         | 32,197         | 33,970         |
| Trade adjustment assistance .....  | 271            | 275            | 11             |                |                |                |                |
| Proposed Legislation (non-PAYGO) .....   |                |                | 273            | 280            | 294            | 306            | 320            |
| Subtotal, Trade adjustment assistance .....                                    | 271            | 275            | 284            | 280            | 294            | 306            | 320            |
| Total, Unemployment compensation .....   | 20,742         | 25,439         | 28,330         | 29,024         | 30,844         | 32,503         | 34,290         |
| <b>Housing assistance:</b>   |                |                |                |                |                |                |                |
| Mandatory housing assistance programs .....                                    | 12             | 41             | 40             | 40             | 40             | 40             | 40             |
| <b>Food and nutrition assistance:</b>  |                |                |                |                |                |                |                |
| Food stamps (including Puerto Rico) .....                                      | 18,290         | 19,714         | 20,911         | 21,820         | 22,536         | 23,457         | 24,353         |
| State child nutrition programs .....   | 9,188          | 9,886          | 10,333         | 10,935         | 11,502         | 12,022         | 12,562         |
| Funds for strengthening markets, income, and supply (Sec.32) .....             | 542            | 749            | 636            | 637            | 637            | 637            | 637            |
| Total, Food and nutrition assistance .....                                     | 28,020         | 30,349         | 31,880         | 33,392         | 34,675         | 36,116         | 37,552         |
| <b>Other income support:</b>   |                |                |                |                |                |                |                |
| Supplemental security income (SSI) .....                                       | 31,065         | 27,852         | 31,507         | 32,862         | 34,289         | 38,364         | 37,296         |
| Family support payments .....  | 2,906          | 3,439          | 3,453          | 3,742          | 4,110          | 4,405          | 4,649          |
| Federal share of child support collections .....                               | -913           | -896           | -878           | -887           | -899           | -927           | -972           |
| Temporary assistance for needy families and related programs .....             | 15,464         | 17,080         | 17,260         | 17,360         | 17,750         | 18,020         | 18,170         |
| Child care entitlement to states .....   | 2,237          | 2,423          | 2,555          | 2,658          | 2,749          | 2,806          | 2,841          |
| Earned income tax credit (EITC) .....  | 26,099         | 25,923         | 26,983         | 27,875         | 28,545         | 29,373         | 30,165         |
| Child tax credit .....   | 809            | 790            | 760            | 720            | 660            | 630            | 590            |
| Other assistance .....   | 71             | 45             | 43             | 50             | 59             | 57             | 57             |
| SSI recoveries and receipts .....  | -1,637         | -1,561         | -1,730         | -1,801         | -1,894         | -2,100         | -2,041         |
| Total, Other income support .....  | 76,101         | 75,095         | 79,953         | 82,579         | 85,369         | 90,628         | 90,755         |
| Total, Mandatory .....   | 206,481        | 217,157        | 228,799        | 237,310        | 246,565        | 258,512        | 265,783        |
| <b>Total, Income security</b> .....  | <b>247,895</b> | <b>262,617</b> | <b>275,590</b> | <b>285,181</b> | <b>295,507</b> | <b>308,607</b> | <b>317,037</b> |
| <b>650 Social security:</b>  |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI) administrative expenses (Off-budget) .. | 1,800          | 2,042          | 1,970          | 2,038          | 2,110          | 2,184          | 2,263          |
| Disability insurance (DI) administrative expenses (Off-budget) .....           | 1,575          | 1,564          | 1,587          | 1,640          | 1,696          | 1,756          | 1,815          |
| Office of the Inspector General—Social Security Adm. (On-budget) .....         | 13             | 17             | 18             | 20             | 20             | 20             | 20             |
| Total, Discretionary .....   | 3,388          | 3,623          | 3,575          | 3,698          | 3,826          | 3,960          | 4,098          |
| <b>Mandatory:</b>  |                |                |                |                |                |                |                |
| <b>Social security:</b>  |                |                |                |                |                |                |                |
| Old-age and survivors insurance (OASI)(Off-budget) .....                       | 351,609        | 371,714        | 388,127        | 405,228        | 423,458        | 443,029        | 464,225        |
| Disability insurance (DI)(Off-budget) .....                                    | 54,437         | 59,122         | 63,034         | 68,316         | 74,509         | 81,283         | 88,725         |
| Quinquennial OASI and DI adjustments (On-budget) .....                         |                | -836           |                |                |                |                |                |
| Intragovernmental transactions (On-budget) .....                               | 13,254         | 12,541         | 14,148         | 14,876         | 16,076         | 17,230         | 18,428         |
| Intragovernmental transactions (Off-budget) .....                              | -13,252        | -12,541        | -13,734        | -14,876        | -16,076        | -17,230        | -18,428        |
| Total, Mandatory .....   | 406,048        | 430,000        | 451,575        | 473,544        | 497,967        | 524,312        | 552,950        |
| <b>Total, Social security</b> .....  | <b>409,436</b> | <b>433,623</b> | <b>455,150</b> | <b>477,242</b> | <b>501,793</b> | <b>528,272</b> | <b>557,048</b> |
| <b>700 Veterans benefits and services:</b>                                     |                |                |                |                |                |                |                |
| <b>Discretionary:</b>  |                |                |                |                |                |                |                |
| <b>Income security for veterans:</b>   |                |                |                |                |                |                |                |
| Special benefits for certain World War II veterans .....                       | 1              | 2              | 2              | 2              | 2              | 2              | 3              |
| <b>Veterans education, training, and rehabilitation:</b>                       |                |                |                |                |                |                |                |
| Loan fund program account .....  | 1              | 1              | 1              | 1              | 1              | 1              | 1              |
| Veterans employment and training .....   | -1             | 2              | 17             | 25             | 26             | 27             | 27             |
| Total, Veterans education, training, and rehabilitation .....                  |                | 3              | 18             | 26             | 27             | 28             | 28             |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Hospital and medical care for veterans:</b>                        |                |               |               |               |               |               |               |
| Medical care and hospital services .....                              | 19,637         | 21,011        | 21,906        | 22,689        | 23,558        | 24,352        | 25,199        |
| Collections for medical care .....                                    | -573           | -608          | -620          | -630          | -640          | -650          | -660          |
| Construction for medical care, benefits, and cemeteries .....         | 454            | 397           | 363           | 327           | 350           | 356           | 365           |
| Total, Hospital and medical care for veterans .....                   | 19,518         | 20,800        | 21,649        | 22,386        | 23,268        | 24,058        | 24,904        |
| <b>Veterans housing:</b>  |                |               |               |               |               |               |               |
| Housing program loan administrative expenses .....                    | 158            | 163           | 170           | 176           | 183           | 189           | 197           |
| <b>Other veterans benefits and services:</b>                          |                |               |               |               |               |               |               |
| National Cemetery Administration .....                                | 95             | 109           | 114           | 118           | 123           | 127           | 132           |
| General operating expenses .....                                      | 881            | 1,166         | 1,116         | 1,150         | 1,186         | 1,223         | 1,262         |
| Other operating expenses .....  | 100            | 116           | 132           | 141           | 150           | 149           | 155           |
| Total, Other veterans benefits and services .....                     | 1,076          | 1,391         | 1,362         | 1,409         | 1,459         | 1,499         | 1,549         |
| Total, Discretionary .....  | 20,753         | 22,359        | 23,201        | 23,999        | 24,939        | 25,776        | 26,681        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Income security for veterans:</b>                                  |                |               |               |               |               |               |               |
| Special benefits for certain World War II veterans .....              | 1              | 9             | 8             | 8             | 7             | 6             | 5             |
| Compensation, Pensions and Burial benefits .....                      | 23,820         | 21,238        | 24,855        | 26,316        | 27,803        | 31,783        | 30,358        |
| National service life insurance trust fund .....                      | 1,241          | 1,290         | 1,322         | 1,337         | 1,338         | 1,319         | 1,305         |
| All other insurance programs .....                                    | 11             | 29            | 36            | 46            | 53            | 59            | 71            |
| Insurance program receipts .....                                      | -202           | -191          | -180          | -169          | -157          | -143          | -129          |
| Total, Income security for veterans .....                             | 24,871         | 22,375        | 26,041        | 27,538        | 29,044        | 33,024        | 31,610        |
| <b>Veterans education, training, and rehabilitation:</b>              |                |               |               |               |               |               |               |
| Readjustment benefits (Montgomery GI Bill and related programs) ..... | 1,497          | 1,970         | 2,136         | 2,201         | 2,283         | 2,402         | 2,513         |
| Post-Vietnam era education .....                                      | 9              | 13            | 10            | 10            | 10            | 10            | 10            |
| All-volunteer force educational assistance trust fund .....           | -164           | -296          | -211          | -221          | -242          | -269          | -312          |
| Total, Veterans education, training, and rehabilitation .....         | 1,342          | 1,687         | 1,935         | 1,990         | 2,051         | 2,143         | 2,211         |
| <b>Hospital and medical care for veterans:</b>                        |                |               |               |               |               |               |               |
| Fees, charges and other mandatory medical care .....                  | -2             | -3            | -17           | -17           | -3            | -4            | -4            |
| <b>Veterans housing:</b>  |                |               |               |               |               |               |               |
| Housing program loan subsidies .....                                  | 1,503          | 357           | 213           | 245           | 248           | 256           | 245           |
| Housing program loan reestimates .....                                | -1,064         | -1,420        |               |               |               |               |               |
| Housing program loan liquidating account .....                        | -255           | -87           | -71           | -61           | -53           | -45           | -42           |
| Total, Veterans housing .....   | 184            | -1,150        | 142           | 184           | 195           | 211           | 203           |
| <b>Other veterans programs:</b>                                       |                |               |               |               |               |               |               |
| National homes, Battle Monument contributions and other .....         | -65            | 95            | 41            | 30            | 32            | 33            | 34            |
| Total, Mandatory .....  | 26,330         | 23,004        | 28,142        | 29,725        | 31,319        | 35,407        | 34,054        |
| <b>Total, Veterans benefits and services .....</b>                    | <b>47,083</b>  | <b>45,363</b> | <b>51,343</b> | <b>53,724</b> | <b>56,258</b> | <b>61,183</b> | <b>60,735</b> |
| <b>750 Administration of justice:</b>                                 |                |               |               |               |               |               |               |
| <b>Discretionary:</b>   |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>                            |                |               |               |               |               |               |               |
| Criminal investigations (DEA, FBI, FinCEN, ICDE) .....                | 4,597          | 4,578         | 4,591         | 5,023         | 5,128         | 5,298         | 5,498         |
| Alcohol, tobacco, and firearms investigations (ATF) .....             | 557            | 768           | 823           | 857           | 860           | 891           | 924           |
| Border enforcement activities (Customs and INS) .....                 | 4,865          | 5,547         | 5,544         | 5,858         | 6,193         | 6,364         | 6,573         |
| Equal Employment Opportunity Commission .....                         | 290            | 306           | 320           | 326           | 339           | 351           | 365           |
| Tax law, criminal investigations (IRS) .....                          | 377            | 374           | 392           | 408           | 426           | 444           | 464           |
| Other law enforcement activities .....                                | 1,483          | 2,147         | 2,155         | 2,170         | 2,215         | 2,281         | 2,347         |
| Total, Federal law enforcement activities .....                       | 12,169         | 13,720        | 13,825        | 14,642        | 15,161        | 15,629        | 16,171        |
| <b>Federal litigative and judicial activities:</b>                    |                |               |               |               |               |               |               |
| Civil and criminal prosecution and representation .....               | 2,681          | 2,797         | 2,997         | 3,149         | 3,257         | 3,372         | 3,489         |
| Representation of indigents in civil cases .....                      | 303            | 327           | 335           | 343           | 349           | 357           | 364           |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program   | 2000<br>Actual | Estimate      |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Federal judicial and other litigative activities .....                             | 3,688          | 4,112         | 4,271         | 4,382         | 4,520         | 4,660         | 4,804         |
| Total, Federal litigative and judicial activities .....                            | 6,672          | 7,236         | 7,603         | 7,874         | 8,126         | 8,389         | 8,657         |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Federal prison system and detention trustee program .....                          | 3,669          | 4,241         | 4,105         | 4,737         | 4,862         | 4,887         | 5,054         |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund obligation limit .....  |                | -1            |               |               |               |               |               |
| Law enforcement assistance, community policing, and other justice programs .....   | 4,314          | 3,561         | 5,442         | 6,980         | 5,337         | 4,863         | 4,967         |
| Total, Criminal justice assistance .....   | 4,314          | 3,560         | 5,442         | 6,980         | 5,337         | 4,863         | 4,967         |
| Total, Discretionary .....   | 26,824         | 28,757        | 30,975        | 34,233        | 33,486        | 33,768        | 34,849        |
| <b>Mandatory:</b>  |                |               |               |               |               |               |               |
| <b>Federal law enforcement activities:</b>   |                |               |               |               |               |               |               |
| Assets forfeiture fund .....   | 496            | 529           | 429           | 495           | 347           | 354           | 362           |
| Border enforcement activities (Customs and INS) .....                              | 1,576          | 2,030         | 2,409         | 2,351         | 2,237         | 2,246         | 2,282         |
| INS fees .....   | -1,483         | -2,262        | -2,240        | -2,176        | -1,686        | -1,681        | -1,676        |
| Customs fees .....   | -1,282         | -1,303        | -1,343        | -1,395        | -3            | -3            | -3            |
| Other mandatory law enforcement programs .....                                     | 637            | 513           | 523           | 537           | 541           | 546           | 550           |
| Total, Federal law enforcement activities .....                                    | -56            | -493          | -222          | -188          | 1,436         | 1,462         | 1,515         |
| <b>Federal litigative and judicial activities:</b>                                 |                |               |               |               |               |               |               |
| Federal judicial officers salaries and expenses and other mandatory programs ..... | 594            | 470           | 547           | 548           | 559           | 575           | 588           |
| <b>Correctional activities:</b>  |                |               |               |               |               |               |               |
| Mandatory programs .....   | 38             | -3            | -3            | -4            | -5            | -5            | -5            |
| <b>Criminal justice assistance:</b>  |                |               |               |               |               |               |               |
| Crime victims fund .....   | 392            | 666           | 1,103         | 727           | 518           | 400           | 400           |
| Public safety officers' benefits .....   | 28             | 33            | 33            | 34            | 35            | 35            | 36            |
| Total, Criminal justice assistance .....   | 420            | 699           | 1,136         | 761           | 553           | 435           | 436           |
| Total, Mandatory .....   | 996            | 673           | 1,458         | 1,117         | 2,543         | 2,467         | 2,534         |
| <b>Total, Administration of justice .....</b>                                      | <b>27,820</b>  | <b>29,430</b> | <b>32,433</b> | <b>35,350</b> | <b>36,029</b> | <b>36,235</b> | <b>37,383</b> |
| <b>800 General government:</b>   |                |               |               |               |               |               |               |
| <b>Discretionary:</b>  |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>  |                |               |               |               |               |               |               |
| Legislative branch discretionary programs .....                                    | 2,124          | 2,288         | 2,325         | 2,366         | 2,423         | 2,495         | 2,578         |
| <b>Executive direction and management:</b>   |                |               |               |               |               |               |               |
| Drug control programs .....  | 346            | 383           | 501           | 447           | 427           | 435           | 444           |
| Executive Office of the President .....  | 283            | 289           | 311           | 320           | 330           | 341           | 354           |
| Presidential transition and former Presidents .....                                | 2              | 10            | 10            | 10            | 10            | 11            | 11            |
| Total, Executive direction and management .....                                    | 631            | 682           | 822           | 777           | 767           | 787           | 809           |
| <b>Central fiscal operations:</b>  |                |               |               |               |               |               |               |
| Tax administration .....   | 7,950          | 8,592         | 8,924         | 9,060         | 9,451         | 9,807         | 10,177        |
| Other fiscal operations .....  | 504            | 954           | 912           | 917           | 914           | 939           | 971           |
| Total, Central fiscal operations .....   | 8,454          | 9,546         | 9,836         | 9,977         | 10,365        | 10,746        | 11,148        |
| <b>General property and records management:</b>                                    |                |               |               |               |               |               |               |
| Real property activities .....   | -84            | 383           | 27            | 251           | 426           | 497           | 467           |
| Records management .....   | 199            | 301           | 305           | 322           | 330           | 334           | 343           |
| Other general and records management .....   | 155            | 249           | 194           | 200           | 188           | 194           | 200           |
| Total, General property and records management .....                               | 270            | 933           | 526           | 773           | 944           | 1,025         | 1,010         |

Table 14-12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual | Estimate      |               |               |               |               |               |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Central personnel management:</b>  |                |               |               |               |               |               |               |
| Discretionary central personnel management programs .....                     | 184            | 171           | 172           | 183           | 190           | 197           | 204           |
| <b>General purpose fiscal assistance:</b>                                     |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                          | 353            | 351           | 342           | 348           | 355           | 363           | 372           |
| Payments to States and counties from Federal land management activities ..... | 11             | 11            | 11            | 11            | 12            | 12            | 12            |
| Payments in lieu of taxes .....   | 133            | 200           | 204           | 208           | 213           | 217           | 221           |
| Other .....   | 1              |               |               |               |               |               |               |
| Total, General purpose fiscal assistance .....                                | 498            | 562           | 557           | 567           | 580           | 592           | 605           |
| <b>Other general government:</b>  |                |               |               |               |               |               |               |
| Discretionary programs .....  | 252            | 315           | 330           | 332           | 334           | 344           | 356           |
| Total, Discretionary .....  | 12,413         | 14,497        | 14,568        | 14,975        | 15,603        | 16,186        | 16,710        |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Legislative functions:</b>   |                |               |               |               |               |               |               |
| Congressional members compensation and other .....                            | 98             | 111           | 117           | 122           | 115           | 105           | 105           |
| <b>Central fiscal operations:</b>   |                |               |               |               |               |               |               |
| Federal financing bank .....  | 34             | 21            | 15            | 18            | 21            | 25            | 28            |
| Other mandatory programs .....  | -143           | -54           | -105          | -118          | -118          | -108          | -106          |
| Total, Central fiscal operations .....  | -109           | -33           | -90           | -100          | -97           | -83           | -78           |
| <b>General property and records management:</b>                               |                |               |               |               |               |               |               |
| Mandatory programs .....  | -24            | 36            | 23            | 21            | 22            | 23            | 17            |
| Offsetting receipts .....   | -21            | -67           | -28           | -32           | -27           | -26           | -24           |
| Total, General property and records management .....                          | -45            | -31           | -5            | -11           | -5            | -3            | -7            |
| <b>General purpose fiscal assistance:</b>                                     |                |               |               |               |               |               |               |
| Payments and loans to the District of Columbia .....                          | 8              |               |               |               |               |               |               |
| Payments to States and counties .....   | 1,016          | 1,335         | 1,496         | 1,502         | 1,518         | 1,534         | 1,533         |
| Tax revenues for Puerto Rico (Treasury, BATF) .....                           | 387            | 411           | 347           | 331           | 331           | 331           | 331           |
| Other general purpose fiscal assistance .....                                 | 175            | 123           | 125           | 122           | 123           | 123           | 123           |
| Total, General purpose fiscal assistance .....                                | 1,586          | 1,869         | 1,968         | 1,955         | 1,972         | 1,988         | 1,987         |
| <b>Other general government:</b>  |                |               |               |               |               |               |               |
| Territories .....   | 176            | 184           | 211           | 210           | 211           | 209           | 185           |
| Treasury claims .....   | 1,815          | 1,223         | 1,000         | 1,000         | 1,000         | 1,000         | 1,000         |
| Presidential election campaign fund .....                                     | 211            | 5             |               | 30            | 218           | 3             |               |
| Other mandatory programs .....  | -213           | 392           | -10           | -11           | -10           | -11           | -11           |
| Total, Other general government .....   | 1,989          | 1,804         | 1,201         | 1,229         | 1,419         | 1,201         | 1,174         |
| <b>Deductions for offsetting receipts:</b>                                    |                |               |               |               |               |               |               |
| Offsetting receipts .....   | -2,478         | -1,386        | -1,393        | -1,386        | -1,386        | -1,386        | -1,386        |
| Total, Mandatory .....  | 1,041          | 2,334         | 1,798         | 1,809         | 2,018         | 1,822         | 1,795         |
| <b>Total, General government</b> .....  | <b>13,454</b>  | <b>16,831</b> | <b>16,366</b> | <b>16,784</b> | <b>17,621</b> | <b>18,008</b> | <b>18,505</b> |
| <b>900 Net interest:</b>  |                |               |               |               |               |               |               |
| <b>Mandatory:</b>   |                |               |               |               |               |               |               |
| <b>Interest on Treasury debt securities (gross):</b>                          |                |               |               |               |               |               |               |
| Interest on Treasury debt securities (gross) .....                            | 361,978        | 357,814       | 349,306       | 344,827       | 340,654       | 332,939       | 324,303       |
| <b>Interest received by on-budget trust funds:</b>                            |                |               |               |               |               |               |               |
| Civil service retirement and disability fund .....                            | -33,608        | -35,108       | -36,531       | -37,946       | -39,360       | -40,467       | -41,635       |
| Military retirement .....   | -12,251        | -12,413       | -12,626       | -12,850       | -13,082       | -13,323       | -13,573       |
| SMI interest .....  | -3,160         | -3,033        | -2,733        | -2,688        | -2,628        | -2,508        | -2,573        |
| HI interest .....   | -10,470        | -12,285       | -13,749       | -15,465       | -17,601       | -19,978       | -22,579       |

Table 14–12. CURRENT SERVICES OUTLAYS BY FUNCTION, CATEGORY AND PROGRAM—Continued

(in millions of dollars)

| Function and Program  | 2000<br>Actual   | Estimate         |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |                  | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             |
| Other on-budget trust funds .....   | -9,624           | -10,823          | -10,674          | -11,309          | -11,999          | -12,662          | -13,227          |
| Total, Interest received by on-budget trust funds .....                             | -69,113          | -73,662          | -76,313          | -80,258          | -84,670          | -88,938          | -93,587          |
| <b>Interest received by off-budget trust funds:</b>                                 |                  |                  |                  |                  |                  |                  |                  |
| Interest received by social security trust funds .....                              | -59,796          | -68,886          | -76,086          | -85,421          | -95,855          | -107,348         | -120,111         |
| <b>Other interest:</b>  |                  |                  |                  |                  |                  |                  |                  |
| Interest on loans to Federal Financing Bank .....                                   | -1,974           | -2,035           | -2,136           | -1,830           | -2,160           | -2,387           | -2,535           |
| Interest on refunds of tax collections .....  | 2,684            | 2,791            | 2,913            | 3,025            | 3,143            | 3,221            | 3,297            |
| Payment to the Resolution Funding Corporation .....                                 | 1,164            | 1,728            | 1,357            | 2,124            | 2,231            | 2,117            | 2,188            |
| Interest paid to loan guarantee financing accounts .....                            | 4,287            | 3,787            | 3,734            | 3,731            | 3,748            | 3,759            | 3,787            |
| Interest received from direct loan financing accounts .....                         | -9,129           | -10,279          | -11,339          | -12,013          | -12,909          | -13,668          | -14,188          |
| Interest on deposits in tax and loan accounts .....                                 | -1,785           | -1,455           | -1,340           | -1,340           | -1,340           | -1,340           | -1,340           |
| Interest received from Outer Continental Shelf escrow account, Interior .....       | -1,352           |                  |                  |                  |                  |                  |                  |
| All other interest .....  | -3,746           | -3,527           | -3,607           | -3,353           | -3,322           | -3,328           | -3,313           |
| Total, Other interest .....   | -9,851           | -8,990           | -10,418          | -9,656           | -10,609          | -11,626          | -12,104          |
| <b>Total, Net interest .....</b>  | <b>223,218</b>   | <b>206,276</b>   | <b>186,489</b>   | <b>169,492</b>   | <b>149,520</b>   | <b>125,027</b>   | <b>98,501</b>    |
| <b>950 Undistributed offsetting receipts:</b>                                       |                  |                  |                  |                  |                  |                  |                  |
| <b>Mandatory:</b>   |                  |                  |                  |                  |                  |                  |                  |
| <b>Employer share, employee retirement (on-budget):</b>                             |                  |                  |                  |                  |                  |                  |                  |
| Contributions to HI trust fund .....  | -2,630           | -2,693           | -2,809           | -2,940           | -3,079           | -3,244           | -3,381           |
| Contributions to military retirement fund .....                                     | -11,402          | -11,369          | -12,166          | -12,622          | -13,098          | -13,567          | -14,040          |
| Postal Service contributions to Civil Service Retirement and Disability Fund ....   | -6,445           | -6,768           | -6,854           | -6,975           | -7,111           | -7,249           | -7,327           |
| Employing agency contributions, DoD Retiree Health Care Fund .....                  |                  |                  |                  | -2,943           | -3,072           | -3,211           | -3,355           |
| Other contributions to civil and foreign service retirement and disability fund ... | -9,737           | -10,446          | -10,813          | -10,723          | -11,316          | -11,990          | -12,699          |
| Total, Employer share, employee retirement (on-budget) .....                        | -30,214          | -31,276          | -32,642          | -36,203          | -37,676          | -39,261          | -40,802          |
| <b>Employer share, employee retirement (off-budget):</b>                            |                  |                  |                  |                  |                  |                  |                  |
| Contributions to social security trust funds .....                                  | -7,637           | -7,877           | -8,917           | -9,161           | -9,868           | -10,706          | -11,443          |
| <b>Rents and royalties on the Outer Continental Shelf:</b>                          |                  |                  |                  |                  |                  |                  |                  |
| OCS Receipts .....  | -4,580           | -6,931           | -5,884           | -5,358           | -5,185           | -4,971           | -4,836           |
| <b>Sale of major assets:</b>  |                  |                  |                  |                  |                  |                  |                  |
| Privatization of Elk Hills .....  |                  |                  |                  | -323             |                  |                  |                  |
| <b>Other undistributed offsetting receipts:</b>                                     |                  |                  |                  |                  |                  |                  |                  |
| Spectrum auction .....  | -150             | -1,572           | -4,360           | -9,665           | -9,670           | -1,275           | -680             |
| <b>Total, Undistributed offsetting receipts .....</b>                               | <b>-42,581</b>   | <b>-47,656</b>   | <b>-51,803</b>   | <b>-60,710</b>   | <b>-62,399</b>   | <b>-56,213</b>   | <b>-57,761</b>   |
| <b>Total .....</b>  | <b>1,788,826</b> | <b>1,853,060</b> | <b>1,938,135</b> | <b>1,990,573</b> | <b>2,050,753</b> | <b>2,129,966</b> | <b>2,182,322</b> |
| On-budget .....   | (1,458,061)      | (1,505,326)      | (1,579,093)      | (1,623,311)      | (1,671,498)      | (1,738,316)      | (1,777,088)      |
| Off-budget .....  | (330,765)        | (347,734)        | (359,042)        | (367,262)        | (379,255)        | (391,650)        | (405,234)        |

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## OTHER TECHNICAL PRESENTATIONS

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## 15. TRUST FUNDS AND FEDERAL FUNDS

The budget consists of two major groups of funds: Federal funds and trust funds. This section presents summary information about the transactions of each of these two fund groups and of the major trust funds. Information is also provided about the income and outgo of four Federal funds that are financed by earmarked collections in a manner similar to trust funds. Since the effects on the existing Medicare trust funds and on Federal funds of the President's proposed reforms of Medicare Modernization and Immediate Helping Hand have not yet been determined, the effects of these reforms are not reflected in detail in this chapter.

### Federal Funds Group

The Federal funds group comprises the larger part of the budget. It includes all transactions not classified by law as being in trust funds.

The main financing component of the Federal funds group is the general fund, which is used to carry out the general purposes of Government rather than being restricted by law to a specific program. It consists of all collections not earmarked by law to finance other funds, including virtually all income taxes and many excise taxes, and all expenditures financed by these collections and by general Treasury borrowing.

The Federal funds group also includes special funds and revolving funds, which earmark collections for spending on specific purposes. Where the law requires that Federal fund collections from a specified source be earmarked to finance a particular program, such as a portion of the Outer Continental Shelf mineral leasing receipts deposited into the Land and Water Conservation Fund, the collections and associated disbursements are recorded in special fund receipt and expenditure accounts. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments, and they must be appropriated before they can be obligated and spent. However, significant amounts of collections credited to special funds are derived from business-like activity, such as the receipts from Outer Continental Shelf mineral leasing.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. Instead of being deposited in receipt accounts, their proceeds are recorded in the revolving funds, which are expenditure accounts. These collections generally are available automatically for obligation and making payments. Outlays for revolving funds are reported net of offsetting collections. There are two classes of revolving funds. Public enterprise funds, such as the Postal Service Fund, conduct business-like operations mainly

with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

### Trust Funds Group

The trust funds group consists of funds that are designated by law as trust funds. Like special funds and revolving funds, they earmark collections for spending on specific purposes. Many of the larger trust funds finance social insurance payments for individuals, such as Social Security, Medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement, highway and transit construction, and airport and airway development. There are a few trust revolving funds that are credited with collections earmarked by law to carry out a cycle of business-type operations. Trust funds also include a few small funds established to carry out the terms of a conditional gift or bequest.

There is no substantive difference between trust funds and special funds or between revolving funds and trust revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by earmarked fees paid by veterans and both provide life insurance payments to veterans' beneficiaries.<sup>1</sup>

The Federal budget meaning of the term "trust" differs significantly from the private sector usage. The beneficiary of a private trust owns the trust's income and often its assets. A custodian manages the assets on behalf of the beneficiary according to the stipulations of the trust, which he or she cannot change unilaterally. In contrast, the Federal Government owns the assets and earnings of most Federal trust funds, and it can unilaterally raise or lower future trust fund collections and payments, or change the purpose for which the collections are used, by changing existing law. Only a few small Federal trust funds are managed pursuant to a trust agreement where the Government is the trustee, and the Government generally has some ability to determine the amount deposited into or paid out of these funds. Other amounts are held in deposit funds by the Government as a custodian on behalf of some entity outside the Government. The Government makes no decisions about the amount of these deposits or how they are spent. Therefore, they are considered to be

<sup>1</sup>Another example is the Violent Crime Reduction Trust Fund, established pursuant to the Violent Crime Control and Law Enforcement Act of 1994. Because the Fund is substantively a means of accounting for general fund appropriations, and does not consist of dedicated receipts, it is classified as a Federal fund rather than a trust fund, notwithstanding the presence of the words "Trust Fund" in its official name.

non-budgetary instead of Federal trust funds and are excluded from the Federal budget.

A trust fund must use its income for the purposes designated by law. Some, such as the Federal Employees Health Benefits fund, spend their income almost as quickly as it is collected. Others, such as the Social Security and the Federal civilian employees retirement trust funds, currently spend considerably less than they collect each year. A surplus of income over outgo adds to the trust fund's balance, which is available to finance future expenditures. The balances are generally invested, by law, in Treasury debt securities. Any net cash inflow from the public to the trust funds decreases the Treasury's need to borrow from the public in order to finance a Federal funds deficit.

A trust fund normally consists of one or more receipt accounts (to record income) and an expenditure account (to record outgo). However, a few trust funds, such as the Veterans Special Life Insurance fund, are established by law as revolving funds. These funds are similar to revolving funds in the Federal funds group. They conduct a cycle of business-type operations, offsetting collections are credited to the funds (which are expenditure accounts), and their outlays are displayed net of the offsetting collections.

### Income and Outgo by Fund Group

Table 15-1 shows income, outgo, and surplus or deficit by fund group and adds them together (and removes double-counting) to derive the total unified budget receipts, outlays, and surplus or deficit. The estimates assume enactment of the President's budget proposals. Income consists mostly of receipts (derived from governmental activity—primarily income, payroll, and excise taxes—and gifts). It also consists of offsetting receipts, which include proprietary receipts (derived from business-like transactions with the public) and interfund collections (receipts by one fund of payments from a fund in the other fund group) that are deposited in receipt accounts. Outgo consists of payments made to the public and/or to a fund in the other fund group.

Two types of transactions are treated specially. First, income and outgo for a fund group exclude transactions between funds within the same fund group.<sup>2</sup> These intrafund transactions constitute outgo and income for the individual funds that make and collect the payments. However, because the totals for each fund group measure its transactions with the public and the other fund group, intrafund transactions must be subtracted

<sup>2</sup>For example, the railroad retirement trust funds pay the equivalent of social security benefits to railroad retirees, in addition to the regular railroad pension. These benefits are financed by a payment from the Federal Old-Age and Survivors Insurance trust fund to the railroad retirement trust funds. The payment and collection are both deducted so that total trust fund income and outgo measure disbursements to the public and to Federal funds.

**Table 15-1. RECEIPTS, OUTLAYS, AND SURPLUS OR DEFICIT BY FUND GROUP**

(In billions of dollars)

|  | 2000<br>actual | Estimate |         |         |         |         |         |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    |
| <b>Receipts:</b>                         |                |          |         |         |         |         |         |         |         |         |         |         |
| Federal funds cash income:               |                |          |         |         |         |         |         |         |         |         |         |         |
| From the public .....                    | 1,362.7        | 1,444.2  | 1,453.9 | 1,488.2 | 1,534.3 | 1,568.6 | 1,618.7 | 1,681.9 | 1,765.9 | 1,856.8 | 1,946.9 | 2,063.5 |
| From trust funds .....                   | 1.1            | 3.3      | 1.2     | 1.2     | 1.2     | 1.3     | 1.3     | 1.3     | 1.4     | 1.4     | 1.4     | 1.5     |
| Total, Federal funds cash income .....   | 1,363.8        | 1,447.6  | 1,455.0 | 1,489.4 | 1,535.6 | 1,569.9 | 1,620.0 | 1,683.2 | 1,767.2 | 1,858.2 | 1,948.4 | 2,064.9 |
| Trust funds cash income:                 |                |          |         |         |         |         |         |         |         |         |         |         |
| From the public .....                    | 735.2          | 774.6    | 816.3   | 861.3   | 904.5   | 959.5   | 1,004.7 | 1,054.8 | 1,102.3 | 1,154.1 | 1,216.8 | 1,279.9 |
| From Federal funds:                      |                |          |         |         |         |         |         |         |         |         |         |         |
| Interest .....                           | 130.9          | 144.5    | 154.4   | 167.7   | 182.6   | 198.4   | 215.8   | 234.8   | 255.7   | 278.4   | 301.3   | 325.8   |
| Other .....                              | 163.6          | 168.5    | 184.3   | 195.3   | 203.9   | 218.3   | 231.4   | 244.1   | 258.9   | 274.6   | 291.9   | 310.2   |
| Total, trust funds cash income .....     | 1,029.7        | 1,087.6  | 1,155.1 | 1,224.3 | 1,290.9 | 1,376.1 | 1,451.9 | 1,533.8 | 1,616.9 | 1,707.1 | 1,810.1 | 1,915.8 |
| Offsetting receipts .....                | -368.2         | -398.2   | -418.4  | -455.4  | -487.7  | -508.2  | -543.1  | -573.7  | -613.6  | -655.4  | -700.0  | -748.2  |
| Total, unified budget receipts .....     | 2,025.2        | 2,136.9  | 2,191.7 | 2,258.2 | 2,338.8 | 2,437.8 | 2,528.7 | 2,643.3 | 2,770.6 | 2,909.9 | 3,058.4 | 3,232.6 |
| <b>Outlays:</b>                          |                |          |         |         |         |         |         |         |         |         |         |         |
| Federal funds cash outgo .....           | 1,362.0        | 1,398.2  | 1,480.4 | 1,534.8 | 1,579.5 | 1,626.7 | 1,663.7 | 1,710.2 | 1,777.4 | 1,840.7 | 1,908.6 | 1,979.2 |
| Trust funds cash outgo .....             | 795.1          | 856.3    | 898.5   | 936.9   | 984.9   | 1,050.2 | 1,103.4 | 1,166.9 | 1,234.0 | 1,305.0 | 1,384.9 | 1,475.3 |
| Offsetting receipts .....                | -368.2         | -398.2   | -418.4  | -455.4  | -487.7  | -508.2  | -543.1  | -573.7  | -613.6  | -655.4  | -700.0  | -748.2  |
| Total, unified budget outlays .....      | 1,788.8        | 1,856.2  | 1,960.6 | 2,016.2 | 2,076.7 | 2,168.7 | 2,223.9 | 2,303.4 | 2,397.9 | 2,490.3 | 2,593.5 | 2,706.3 |
| <b>Surplus or deficit (-):</b>           |                |          |         |         |         |         |         |         |         |         |         |         |
| Federal funds .....                      | 1.8            | 49.4     | -25.4   | -45.4   | -44.0   | -56.9   | -43.7   | -27.0   | -10.2   | 17.5    | 39.8    | 85.7    |
| Trust funds .....                        | 234.6          | 231.3    | 256.6   | 287.4   | 306.1   | 325.9   | 348.5   | 366.9   | 382.9   | 402.1   | 425.2   | 440.5   |
| Total, unified surplus/deficit (-) ..... | 236.4          | 280.7    | 231.2   | 242.0   | 262.1   | 269.0   | 304.8   | 339.9   | 372.7   | 419.6   | 465.0   | 526.2   |

Note: Receipts include governmental, interfund, and proprietary receipts. They exclude intrafund receipts, which are offset against intrafund payments so that cash income and cash outgo are not overstated.

**Table 15-2. INCOME, OUTGO, AND BALANCES OF TRUST FUNDS GROUP**  
(In billions of dollars)

|  | 2000<br>actual | Estimate |         |         |         |         |         |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    |
| <b>Total Trust Funds</b>               |                |          |         |         |         |         |         |         |         |         |         |         |
| Balance, start of year .....           | 1,875.6        | 2,110.0  | 2,341.3 | 2,597.9 | 2,885.3 | 3,191.3 | 3,517.3 | 3,865.8 | 4,232.7 | 4,615.6 | 5,017.7 | 5,442.9 |
| Income:                                |                |          |         |         |         |         |         |         |         |         |         |         |
| Governmental receipts .....            | 700.5          | 738.4    | 776.4   | 818.6   | 860.4   | 912.1   | 954.5   | 1,002.1 | 1,046.6 | 1,095.2 | 1,154.5 | 1,214.0 |
| Proprietary receipts .....             | 43.2           | 45.3     | 49.6    | 53.1    | 55.1    | 59.1    | 62.6    | 65.8    | 69.5    | 73.5    | 77.8    | 82.2    |
| Receipts from Federal funds:           |                |          |         |         |         |         |         |         |         |         |         |         |
| Interest .....                         | 130.9          | 144.5    | 154.4   | 167.7   | 182.6   | 198.4   | 215.8   | 234.8   | 255.7   | 278.4   | 301.3   | 325.8   |
| Other .....                            | 184.3          | 192.9    | 209.5   | 220.3   | 229.7   | 245.8   | 260.7   | 275.4   | 292.4   | 310.3   | 329.5   | 350.3   |
| Subtotal, income .....                 | 1,058.9        | 1,121.1  | 1,189.9 | 1,259.7 | 1,327.9 | 1,415.4 | 1,493.6 | 1,578.2 | 1,664.2 | 1,757.4 | 1,863.0 | 1,972.3 |
| Outgo:                                 |                |          |         |         |         |         |         |         |         |         |         |         |
| To the public .....                    | 823.2          | 886.4    | 932.2   | 971.1   | 1,020.5 | 1,088.2 | 1,143.8 | 1,209.9 | 1,280.0 | 1,353.9 | 1,436.4 | 1,530.4 |
| Payments to Federal funds .....        | 1.1            | 3.3      | 1.2     | 1.2     | 1.2     | 1.3     | 1.3     | 1.3     | 1.4     | 1.4     | 1.4     | 1.5     |
| Subtotal, outgo .....                  | 824.3          | 889.8    | 933.4   | 972.3   | 1,021.8 | 1,089.4 | 1,145.1 | 1,211.2 | 1,281.3 | 1,355.3 | 1,437.8 | 1,531.8 |
| Change in fund balance:                |                |          |         |         |         |         |         |         |         |         |         |         |
| Surplus or deficit (-):                |                |          |         |         |         |         |         |         |         |         |         |         |
| Excluding interest .....               | 103.9          | 87.0     | 102.3   | 121.8   | 125.7   | 129.9   | 135.1   | 134.2   | 129.4   | 126.2   | 126.5   | 117.6   |
| Interest .....                         | 130.7          | 144.3    | 154.3   | 165.6   | 180.4   | 196.1   | 213.4   | 232.8   | 253.5   | 275.9   | 298.6   | 322.9   |
| Subtotal, surplus or deficit (-) ..... | 234.6          | 231.3    | 256.6   | 287.4   | 306.1   | 325.9   | 348.5   | 366.9   | 382.9   | 402.1   | 425.2   | 440.5   |
| Adjustments:                           |                |          |         |         |         |         |         |         |         |         |         |         |
| Transfers/lapses (net) .....           | -0.4           | -*       | -*      | .....   | .....   | .....   | .....   | .....   | .....   | .....   | .....   | .....   |
| Other adjustments .....                | 0.2            | -*       | *       | .....   | .....   | .....   | .....   | .....   | .....   | .....   | .....   | .....   |
| Total, change in fund balance .....    | 234.4          | 231.3    | 256.6   | 287.4   | 306.1   | 325.9   | 348.5   | 366.9   | 382.9   | 402.1   | 425.2   | 440.5   |
| Balance, end of year .....             | 2,110.0        | 2,341.3  | 2,597.9 | 2,885.3 | 3,191.3 | 3,517.3 | 3,865.8 | 4,232.7 | 4,615.6 | 5,017.7 | 5,442.9 | 5,883.4 |

\* Less than \$50 million.

from the sum of the income and outgo of all individual funds within the fund group to calculate the consolidated income and outgo for that fund group as a whole. Second, income excludes the offsetting collections, which are offset against outgo in revolving fund expenditure accounts instead of being deposited in receipt accounts.<sup>3</sup> It would be conceptually appropriate to classify these collections as income, but at present the data are not tabulated centrally for both fund groups. Consequently, they are offset against outgo in Table 15-1 and are not shown separately.

Some funds in the Federal funds group and some trust funds are authorized to borrow from the general fund of the Treasury.<sup>4</sup> Borrowed funds are not recorded as receipts and are excluded from the income of the fund. The borrowed funds finance outlays by the fund in excess of available receipts. Subsequently, fund receipts are transferred from the fund to the general fund in repayment of the borrowing. The repayment is not recorded as an outlay of the fund or included in fund outgo.

<sup>3</sup>For example, postage stamp fees are deposited as offsetting collections in the Postal Service fund. As a result, the Fund's outgo is disbursements net of collections.

<sup>4</sup>For example, the Bonneville Power Administration Fund, a revolving fund in the Department of Energy, is authorized to borrow from the general fund, and the Black Lung Disability Trust Fund in the Department of Labor is authorized to receive appropriations of repayable advances from the general fund (a form of borrowing).

Some income in both Federal funds and trust funds consists of offsetting receipts. In contrast, for most budget purposes, offsetting receipts are excluded from receipts figures and subtracted from gross outlays. There are two reasons for this treatment:

- **Business-like or market-oriented activities with the public:** The collections from such activities are deducted from gross outlays, rather than added to receipts, in order to produce budget totals for receipts and outlays that represent governmental rather than market activity.
- **Intragovernmental transactions:** Collections by one Government account from another are deducted from gross outlays, rather than added to receipts, so that the budget totals measure the transactions of the Government with the public.

Because the income for Federal funds and for trust funds recorded in Table 15-1 includes offsetting receipts, those offsetting receipts must be deducted from the two fund groups' combined gross income in order to reconcile to total (net) unified budget receipts. Similarly, because the outgo for Federal funds and for trust funds in Table 15-1 consists of gross outlays, the amount of the offsetting receipts must be deducted from the sum of the Federal funds' and the trust funds' gross outgo in order to reconcile to total (net) unified budget outlays. Table 15-3 reconciles, for fiscal year

**Table 15-3. COMPARISON OF TOTAL FEDERAL FUND AND TRUST FUND RECEIPTS WITH UNIFIED BUDGET RECEIPTS, FISCAL YEAR 2000**

(In billions of dollars)

|  |         |
|--|---------|
| Total of trust fund receipts and Federal fund receipts .....                               | 2,403.4 |
| Deduct intrafund receipts (from funds within the same fund group):                         |         |
| Trust intrafund receipts .....   | -3.7    |
| Federal intrafund receipts .....   | -6.2    |
| Subtotal, intrafund receipts .....   | -9.9    |
| Total trust funds and Federal funds cash income .....                                      | 2,393.5 |
| Deduct offsetting receipts: <sup>1</sup>   |         |
| Trust fund receipts from Federal funds:  |         |
| Interest in receipt accounts .....   | -128.9  |
| General fund payment to Medicare Part B .....  | -65.6   |
| Employing agencies' payments for pensions, Social Security, and Medicare .....             | -37.9   |
| General fund payments for unfunded liabilities of Federal employees retirement funds ..... | -37.1   |
| Transfer of taxation of Social Security benefits to OASDI, HI, and RRB .....               | -23.2   |
| Other receipts from Federal funds .....  | -1.9    |
| Subtotal, trust fund receipts from Federal funds .....                                     | -294.5  |
| Federal fund receipts from trust funds .....   | -1.1    |
| Proprietary receipts .....   | -72.7   |
| Subtotal, offsetting receipts .....  | -368.2  |
| Unified budget receipts .....  | 2,025.2 |

<sup>1</sup> Offsetting receipts are included in cash income for each fund group, but are deducted from outlays in the unified budget.

2000, the gross total of all trust fund and Federal fund receipts with the net total of the Federal fund group's and the trust fund group's cash income (as shown in Table 15-1), and with the unified budget's receipt total.

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

Table 15-2 shows the trust funds balance at the start of each year, income and outgo during the year, and the end of year balance. Income and outgo are divided between transactions with the public and transactions with Federal funds. Receipts from Federal funds are divided between interest and other interfund receipts.

The definition of income and outgo in this table differs from those in Table 15-1 in one important way. Trust fund collections that are offset against outgo (as offsetting collections) within expenditure accounts instead of being deposited in separate receipt accounts are classified as income in this table but not in Table 15-1. This classification is consistent with the definitions of income and outgo for trust funds used elsewhere in the budget. It has the effect of increasing both income and outgo by the amount of the offsetting collections. The difference is approximately \$29 billion in 2000. Table 15-2, therefore, provides a more complete summary of trust fund income and outgo.

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

Primarily because of these changes, but also because of the impact of real growth and inflation, trust fund balances increased tenfold from 1982 to 2000, from \$205 billion to \$2.1 trillion. Under the proposals in the President's budget, the balances are estimated to double again by the year 2007, rising to \$4.2 trillion. Almost all of these balances are invested in Treasury securities and earn interest. Therefore, they represent the value, in current dollars, of taxes and user fees that have been paid in advance for future benefits and services.

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

Pay-as-you-go financing was replaced in the 1980s by full or partial accrual funding for some of the larger trust funds. In order to partially prefund the "baby-boomers" social security benefits, the Social Security Amendments of 1983 raised payroll taxes above the levels necessary to finance current expenditures. In 1984 a new system was set up to finance military retirement benefits on a full accrual basis. In 1986 full accrual funding of retirement benefits was mandated for Federal civilian employees hired after December 31, 1983. The latter two changes require Federal agencies and their employees to make annual payments to the Federal employees' retirement trust funds in an amount equal to the value of the retirement benefits earned

by employees in that year. Since many years will pass before current employees are paid retirement benefits, the trust funds will accumulate substantial balances over time.

These balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense. These funds are not set up to be pension funds, like the funds of private pension plans. They do not hold real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury. When trust fund holdings are redeemed to pay benefits, Treasury will have to finance the expenditure in the same way as any other Federal expenditure: out of current receipts, by borrowing from the public, or by reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, affect the Government's ability to pay benefits.

From an economic standpoint, the Government is able to prefund benefits only by increasing saving and investment in the economy as a whole. This can be fully accomplished only by simultaneously running trust fund surpluses equal to the actuarial present value of the accumulating benefits and not allowing the Federal fund deficit to increase, so that the trust fund surplus reduces a unified budget deficit or increases a unified budget surplus. This would reduce Federal borrowing by the amount of the trust funds surplus and increase

the amount of national saving available to finance investment. Greater investment would increase future incomes and wealth, which would provide more real economic resources to support the benefits.

Table 15–4 shows estimates of income, outgo, and balances for 2000 through 2006 for the major trust funds. With the exception of transactions between trust funds, the data for the individual trust funds are conceptually the same as the data in Table 15–2 for the trust funds group. As explained previously, transactions between trust funds are shown as outgo of the fund that makes the payment and as income of the fund that collects it in the data for an individual trust fund, but the collections are offset against outgo in the data for the trust fund group. Additional information for these and other trust funds can be found in the Status of Funds tables in the Budget Appendix.

Table 15–5, which immediately follows Table 15–4, at the end of this chapter, shows income, outgo, and balances of four Federal funds—a revolving fund and three special funds. These funds are similar to trust funds in that they are financed by earmarked receipts, excesses of income over outgo are invested, the interest earnings add to balances, and the balances remain available to finance future expenditures. The table is illustrative of the Federal funds group, which includes many other revolving funds and special funds in addition to the ones shown.

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS

(In billions of dollars)

|  | 2000<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Airport and Airway Trust Fund</b>               |                |          |       |       |       |       |       |
| Balance, start of year .....                       | 12.4           | 13.9     | 15.6  | 16.7  | 17.8  | 19.1  | 20.8  |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                        | 9.7            | 10.4     | 11.2  | 11.9  | 12.6  | 13.3  | 14.1  |
| Proprietary receipts .....                         | *              | *        | *     | *     | *     | *     | *     |
| Receipts from Federal funds:                       |                |          |       |       |       |       |       |
| Interest .....                                     | 0.8            | 0.9      | 1.0   | 1.0   | 1.1   | 1.2   | 1.3   |
| Other .....  | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Receipts from Trust funds .....                    |                |          |       |       |       |       |       |
| Subtotal, income .....                             | 10.7           | 11.4     | 12.3  | 13.0  | 13.8  | 14.6  | 15.5  |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                                | 9.2            | 9.7      | 11.2  | 11.9  | 12.4  | 13.0  | 13.3  |
| Payments to Other funds .....                      |                |          |       |       |       |       |       |
| Subtotal, outgo .....                              | 9.2            | 9.7      | 11.2  | 11.9  | 12.4  | 13.0  | 13.3  |
| Change in fund balance:                            |                |          |       |       |       |       |       |
| Surplus or deficit (-):                            |                |          |       |       |       |       |       |
| Excluding interest .....                           | 0.7            | 0.8      | 0.1   | *     | 0.2   | 0.4   | 0.9   |
| Interest .....                                     | 0.8            | 0.9      | 1.0   | 1.0   | 1.1   | 1.2   | 1.3   |
| Subtotal, surplus or deficit (-) .....             | 1.5            | 1.7      | 1.1   | 1.1   | 1.3   | 1.7   | 2.2   |
| Adjustments:                                       |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                       | —*             |          |       |       |       |       |       |
| Other adjustments .....                            |                | —*       |       |       |       |       |       |
| Total, change in fund balance .....                | 1.5            | 1.7      | 1.1   | 1.1   | 1.3   | 1.7   | 2.2   |
| Balance, end of year .....                         | 13.9           | 15.6     | 16.7  | 17.8  | 19.1  | 20.8  | 22.9  |
| <b>Federal Employees Health Benefits Fund</b>      |                |          |       |       |       |       |       |
| Balance, start of year .....                       | 5.8            | 6.0      | 6.7   | 7.9   | 9.1   | 10.1  | 10.9  |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                        |                |          |       |       |       |       |       |
| Proprietary receipts .....                         | 5.3            | 5.9      | 6.5   | 7.1   | 7.7   | 8.3   | 9.0   |
| Receipts from Federal funds:                       |                |          |       |       |       |       |       |
| Interest .....                                     | 0.4            | 0.4      | 0.4   | 0.5   | 0.5   | 0.6   | 0.6   |
| Other .....  | 14.0           | 15.7     | 17.3  | 18.6  | 20.0  | 21.5  | 23.1  |
| Receipts from Trust funds .....                    |                |          |       |       |       |       |       |
| Subtotal, income .....                             | 19.7           | 21.9     | 24.2  | 26.1  | 28.3  | 30.5  | 32.7  |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                                | 19.6           | 21.2     | 23.0  | 25.0  | 27.3  | 29.7  | 32.0  |
| Payments to Other funds .....                      |                |          |       |       |       |       |       |
| Subtotal, outgo .....                              | 19.6           | 21.2     | 23.0  | 25.0  | 27.3  | 29.7  | 32.0  |
| Change in fund balance:                            |                |          |       |       |       |       |       |
| Surplus or deficit (-):                            |                |          |       |       |       |       |       |
| Excluding interest .....                           | -0.2           | 0.4      | 0.8   | 0.7   | 0.5   | 0.2   | 0.1   |
| Interest .....                                     | 0.4            | 0.4      | 0.4   | 0.5   | 0.5   | 0.6   | 0.6   |
| Subtotal, surplus or deficit (-) .....             | 0.2            | 0.8      | 1.2   | 1.2   | 1.0   | 0.8   | 0.8   |
| Adjustments:                                       |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                       |                |          |       |       |       |       |       |
| Other adjustments .....                            |                | —*       | *     |       |       |       |       |
| Total, change in fund balance .....                | 0.2            | 0.8      | 1.2   | 1.2   | 1.0   | 0.8   | 0.8   |
| Balance, end of year .....                         | 6.0            | 6.7      | 7.9   | 9.1   | 10.1  | 10.9  | 11.6  |
| <b>Federal Civilian Employees Retirement Funds</b> |                |          |       |       |       |       |       |
| Balance, start of year .....                       | 491.9          | 523.2    | 554.9 | 586.7 | 618.3 | 650.2 | 682.1 |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                        | 4.7            | 4.6      | 4.3   | 4.1   | 4.0   | 3.8   | 3.6   |
| Proprietary receipts .....                         |                |          |       |       |       |       |       |
| Receipts from Federal funds:                       |                |          |       |       |       |       |       |
| Interest .....                                     | 34.4           | 35.9     | 37.3  | 38.8  | 40.2  | 41.4  | 42.6  |
| Other .....  | 38.0           | 39.3     | 40.4  | 41.4  | 42.8  | 44.3  | 45.5  |

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 2000<br>actual | Estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Receipts from Trust funds .....  | *              | *        | *       | *       | *       | *       | *       |
| Subtotal, income .....   | 77.1           | 79.8     | 82.1    | 84.3    | 87.0    | 89.4    | 91.7    |
| Outgo:   |                |          |         |         |         |         |         |
| To the public .....  | 45.8           | 48.0     | 50.3    | 52.7    | 55.1    | 57.5    | 60.0    |
| Payments to Other funds .....  | *              | *        | *       | *       | *       | *       | *       |
| Subtotal, outgo .....  | 45.8           | 48.0     | 50.3    | 52.7    | 55.1    | 57.5    | 60.0    |
| Change in fund balance:  |                |          |         |         |         |         |         |
| Surplus or deficit (-):  |                |          |         |         |         |         |         |
| Excluding interest .....   | -3.0           | -4.2     | -5.6    | -7.2    | -8.3    | -9.5    | -10.9   |
| Interest .....   | 34.4           | 35.9     | 37.3    | 38.8    | 40.2    | 41.4    | 42.6    |
| Subtotal, surplus or deficit (-) .....                                 | 31.4           | 31.7     | 31.8    | 31.6    | 31.9    | 31.9    | 31.7    |
| Adjustments:   |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....   |                |          |         |         |         |         |         |
| Other adjustments .....  |                | -*       |         |         |         |         |         |
| Total, change in fund balance .....                                    | 31.4           | 31.7     | 31.8    | 31.6    | 31.9    | 31.9    | 31.7    |
| Balance, end of year .....   | 523.2          | 554.9    | 586.7   | 618.3   | 650.2   | 682.1   | 713.8   |
| <b>Federal Old-Age, Survivors and Disability Insurance Trust Funds</b> |                |          |         |         |         |         |         |
| Balance, start of year .....   | 855.0          | 1,006.9  | 1,165.6 | 1,340.4 | 1,533.2 | 1,743.0 | 1,978.3 |
| Income:  |                |          |         |         |         |         |         |
| Governmental receipts .....  | 480.6          | 503.9    | 530.9   | 560.8   | 590.3   | 629.0   | 658.5   |
| Proprietary receipts .....   | 0.1            | 0.1      | 0.1     | 0.1     | 0.1     | 0.1     | 0.1     |
| Receipts from Federal funds:   |                |          |         |         |         |         |         |
| Interest .....   | 59.8           | 68.9     | 76.1    | 85.4    | 95.9    | 107.3   | 120.1   |
| Other .....  | 23.2           | 23.0     | 25.2    | 26.4    | 28.2    | 30.0    | 31.8    |
| Receipts from Trust funds .....  |                |          |         |         |         |         |         |
| Subtotal, income .....   | 563.7          | 595.9    | 632.3   | 672.7   | 714.4   | 766.4   | 810.5   |
| Outgo:   |                |          |         |         |         |         |         |
| To the public .....  | 407.8          | 432.7    | 453.3   | 475.8   | 500.4   | 526.9   | 555.9   |
| Payments to Other funds .....  | 4.0            | 4.4      | 4.2     | 4.2     | 4.2     | 4.2     | 4.1     |
| Subtotal, outgo .....  | 411.8          | 437.1    | 457.5   | 480.0   | 504.6   | 531.1   | 559.9   |
| Change in fund balance:  |                |          |         |         |         |         |         |
| Surplus or deficit (-):  |                |          |         |         |         |         |         |
| Excluding interest .....   | 92.1           | 89.8     | 98.7    | 107.3   | 114.0   | 128.0   | 130.4   |
| Interest .....   | 59.8           | 68.9     | 76.1    | 85.4    | 95.9    | 107.3   | 120.1   |
| Subtotal, surplus or deficit (-) .....                                 | 151.8          | 158.7    | 174.8   | 192.7   | 209.8   | 235.3   | 250.6   |
| Adjustments:   |                |          |         |         |         |         |         |
| Transfers/lapses (net) .....   |                |          |         |         |         |         |         |
| Other adjustments .....  |                |          |         |         |         |         |         |
| Total, change in fund balance .....                                    | 151.8          | 158.7    | 174.8   | 192.7   | 209.8   | 235.3   | 250.6   |
| Balance, end of year .....   | 1,006.9        | 1,165.6  | 1,340.4 | 1,533.2 | 1,743.0 | 1,978.3 | 2,228.8 |
| <b>Foreign Military Sales Trust Fund</b>                               |                |          |         |         |         |         |         |
| Balance, start of year .....   | 5.5            | 5.8      | 5.8     | 5.8     | 5.8     | 5.8     | 5.8     |
| Income:  |                |          |         |         |         |         |         |
| Governmental receipts .....  |                |          |         |         |         |         |         |
| Proprietary receipts .....   | 11.4           | 11.3     | 11.4    | 11.5    | 11.2    | 11.0    | 10.9    |
| Receipts from Federal funds:   |                |          |         |         |         |         |         |
| Interest .....   |                |          |         |         |         |         |         |
| Other .....  |                |          |         |         |         |         |         |
| Receipts from Trust funds .....  |                |          |         |         |         |         |         |
| Subtotal, income .....   | 11.4           | 11.3     | 11.4    | 11.5    | 11.2    | 11.0    | 10.9    |
| Outgo:   |                |          |         |         |         |         |         |
| To the public .....  | 11.1           | 11.3     | 11.4    | 11.5    | 11.2    | 11.0    | 10.9    |
| Payments to Other funds .....  |                |          |         |         |         |         |         |
| Subtotal, outgo .....  | 11.1           | 11.3     | 11.4    | 11.5    | 11.2    | 11.0    | 10.9    |



Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|   | 2000<br>actual | Estimate |       |       |       |       |       |
|---|----------------|----------|-------|-------|-------|-------|-------|
|   |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Other adjustments .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....                                       | 29.7           | 29.1     | 33.7  | 38.9  | 43.5  | 46.7  | 53.6  |
| Balance, end of year .....  | 168.1          | 197.2    | 230.9 | 269.8 | 313.3 | 360.0 | 413.6 |
| <b>Medicare: Federal Supplementary Medical Insurance (SMI) Trust Fund</b> |                |          |       |       |       |       |       |
| Balance, start of year .....  | 45.6           | 45.9     | 39.5  | 39.3  | 40.0  | 37.8  | 37.4  |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts .....  | 20.5           | 22.0     | 25.5  | 28.3  | 29.8  | 33.3  | 36.1  |
| Receipts from Federal funds:  |                |          |       |       |       |       |       |
| Interest .....  | 3.2            | 3.0      | 2.7   | 2.7   | 2.6   | 2.5   | 2.6   |
| Other .....   | 67.3           | 73.3     | 83.7  | 89.5  | 92.5  | 102.0 | 110.3 |
| Receipts from Trust funds .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....  | 90.9           | 98.4     | 112.0 | 120.5 | 124.9 | 137.7 | 148.9 |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 90.7           | 104.8    | 112.2 | 119.8 | 127.2 | 138.1 | 144.3 |
| Payments to Other funds .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....   | 90.7           | 104.8    | 112.2 | 119.8 | 127.2 | 138.1 | 144.3 |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | -2.9           | -9.5     | -2.9  | -1.9  | -4.9  | -2.9  | 2.1   |
| Interest .....  | 3.2            | 3.0      | 2.7   | 2.7   | 2.6   | 2.5   | 2.6   |
| Subtotal, surplus or deficit (-) .....                                    | 0.2            | -6.4     | -0.2  | 0.8   | -2.3  | -0.4  | 4.6   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....                                       | 0.2            | -6.4     | -0.2  | 0.8   | -2.3  | -0.4  | 4.6   |
| Balance, end of year .....  | 45.9           | 39.5     | 39.3  | 40.0  | 37.8  | 37.4  | 42.0  |
| <b>Military Retirement Fund</b>   |                |          |       |       |       |       |       |
| Balance, start of year .....  | 151.9          | 158.0    | 163.6 | 169.8 | 176.3 | 183.0 | 190.0 |
| Income:   |                |          |       |       |       |       |       |
| Governmental receipts .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Receipts from Federal funds:  |                |          |       |       |       |       |       |
| Interest .....  | 12.3           | 12.4     | 12.6  | 12.8  | 13.1  | 13.3  | 13.6  |
| Other .....   | 26.7           | 27.5     | 28.8  | 29.9  | 30.9  | 32.0  | 33.2  |
| Receipts from Trust funds .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....  | 39.0           | 39.9     | 41.4  | 42.7  | 44.0  | 45.4  | 46.7  |
| Outgo:  |                |          |       |       |       |       |       |
| To the public .....   | 32.8           | 34.2     | 35.3  | 36.3  | 37.3  | 38.3  | 39.4  |
| Payments to Other funds .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....   | 32.8           | 34.2     | 35.3  | 36.3  | 37.3  | 38.3  | 39.4  |
| Change in fund balance:   |                |          |       |       |       |       |       |
| Surplus or deficit (-):   |                |          |       |       |       |       |       |
| Excluding interest .....  | -6.1           | -6.8     | -6.4  | -6.4  | -6.4  | -6.3  | -6.2  |
| Interest .....  | 12.3           | 12.4     | 12.6  | 12.8  | 13.1  | 13.3  | 13.6  |
| Subtotal, surplus or deficit (-) .....                                    | 6.1            | 5.6      | 6.2   | 6.4   | 6.7   | 7.0   | 7.4   |
| Adjustments:  |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....                                       | 6.1            | 5.6      | 6.2   | 6.4   | 6.7   | 7.0   | 7.4   |
| Balance, end of year .....  | 158.0          | 163.6    | 169.8 | 176.3 | 183.0 | 190.0 | 197.4 |
| <b>Railroad Retirement Trust Funds</b>                                    |                |          |       |       |       |       |       |
| Balance, start of year .....  | 14.3           | 15.5     | 16.6  | 17.7  | 18.9  | 20.2  | 21.4  |

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 2000<br>actual | Estimate |      |       |       |       |       |
|--|----------------|----------|------|-------|-------|-------|-------|
|  |                | 2001     | 2002 | 2003  | 2004  | 2005  | 2006  |
| <b>Income:</b>                             |                |          |      |       |       |       |       |
| Governmental receipts .....                | 4.3            | 4.4      | 4.5  | 4.6   | 4.7   | 4.8   | 4.9   |
| Proprietary receipts .....                 |                |          |      |       |       |       |       |
| Receipts from Federal funds:               |                |          |      |       |       |       |       |
| Interest .....                             | 1.2            | 1.7      | 1.2  | 1.3   | 1.4   | 1.5   | 1.5   |
| Other .....                                | 0.5            | 0.3      | 0.3  | 0.4   | 0.4   | 0.4   | 0.4   |
| Receipts from Trust funds .....            | 3.7            | 3.2      | 3.8  | 3.8   | 3.8   | 3.9   | 3.7   |
| Subtotal, income .....                     | 9.7            | 9.7      | 9.9  | 10.1  | 10.3  | 10.5  | 10.4  |
| <b>Outgo:</b>                              |                |          |      |       |       |       |       |
| To the public .....                        | 8.2            | 8.4      | 8.6  | 8.7   | 8.9   | 9.0   | 9.2   |
| Payments to Other funds .....              | 0.2            | 0.2      | 0.2  | 0.2   | 0.2   | 0.2   | 0.2   |
| Subtotal, outgo .....                      | 8.4            | 8.7      | 8.8  | 8.9   | 9.1   | 9.2   | 9.4   |
| <b>Change in fund balance:</b>             |                |          |      |       |       |       |       |
| Surplus or deficit (-):                    |                |          |      |       |       |       |       |
| Excluding interest .....                   | 0.1            | -0.7     | -0.1 | -0.1  | -0.2  | -0.2  | -0.5  |
| Interest .....                             | 1.2            | 1.7      | 1.2  | 1.3   | 1.4   | 1.5   | 1.5   |
| Subtotal, surplus or deficit (-) .....     | 1.2            | 1.0      | 1.1  | 1.2   | 1.2   | 1.3   | 1.0   |
| Adjustments:                               |                |          |      |       |       |       |       |
| Transfers/lapses (net) .....               | *              | *        | *    |       |       |       |       |
| Other adjustments .....                    |                |          |      |       |       |       |       |
| Total, change in fund balance .....        | 1.2            | 1.1      | 1.1  | 1.2   | 1.2   | 1.3   | 1.0   |
| Balance, end of year .....                 | 15.5           | 16.6     | 17.7 | 18.9  | 20.2  | 21.4  | 22.4  |
| <b>Unemployment Trust Fund</b>             |                |          |      |       |       |       |       |
| Balance, start of year .....               | 77.7           | 86.7     | 93.4 | 99.8  | 107.5 | 115.6 | 122.3 |
| <b>Income:</b>                             |                |          |      |       |       |       |       |
| Governmental receipts .....                | 27.6           | 29.6     | 31.9 | 33.5  | 35.4  | 35.3  | 37.6  |
| Proprietary receipts .....                 | *              | -0.1     | -0.1 | -0.1  | -0.1  | -0.1  | -0.1  |
| Receipts from Federal funds:               |                |          |      |       |       |       |       |
| Interest .....                             | 5.2            | 5.8      | 6.1  | 6.5   | 7.0   | 7.4   | 7.8   |
| Other .....                                | 0.4            | 0.5      | 0.5  | 0.5   | 0.5   | 0.5   | 0.5   |
| Receipts from Trust funds .....            |                |          |      |       |       |       |       |
| Subtotal, income .....                     | 33.3           | 35.8     | 38.6 | 40.6  | 42.9  | 43.2  | 45.9  |
| <b>Outgo:</b>                              |                |          |      |       |       |       |       |
| To the public .....                        | 24.3           | 29.1     | 32.1 | 32.9  | 34.7  | 36.5  | 38.4  |
| Payments to Other funds .....              |                |          |      |       |       |       |       |
| Subtotal, outgo .....                      | 24.3           | 29.1     | 32.1 | 32.9  | 34.7  | 36.5  | 38.4  |
| <b>Change in fund balance:</b>             |                |          |      |       |       |       |       |
| Surplus or deficit (-):                    |                |          |      |       |       |       |       |
| Excluding interest .....                   | 3.8            | 0.9      | 0.4  | 1.2   | 1.2   | -0.7  | -0.3  |
| Interest .....                             | 5.2            | 5.8      | 6.1  | 6.5   | 7.0   | 7.4   | 7.8   |
| Subtotal, surplus or deficit (-) .....     | 9.0            | 6.7      | 6.5  | 7.7   | 8.1   | 6.7   | 7.5   |
| Adjustments:                               |                |          |      |       |       |       |       |
| Transfers/lapses (net) .....               | —*             | —*       | —*   |       |       |       |       |
| Other adjustments .....                    |                |          |      |       |       |       |       |
| Total, change in fund balance .....        | 9.0            | 6.7      | 6.4  | 7.7   | 8.1   | 6.7   | 7.5   |
| Balance, end of year .....                 | 86.7           | 93.4     | 99.8 | 107.5 | 115.6 | 122.3 | 129.9 |
| <b>Veterans Life Insurance Trust Funds</b> |                |          |      |       |       |       |       |
| Balance, start of year .....               | 13.7           | 13.6     | 13.4 | 13.1  | 12.7  | 12.3  | 11.8  |
| <b>Income:</b>                             |                |          |      |       |       |       |       |
| Governmental receipts .....                |                |          |      |       |       |       |       |
| Proprietary receipts .....                 | 0.8            | 0.8      | 0.7  | 0.7   | 0.7   | 0.6   | 0.6   |
| Receipts from Federal funds:               |                |          |      |       |       |       |       |
| Interest .....                             | 1.0            | 1.0      | 1.0  | 0.9   | 0.9   | 0.8   | 0.8   |
| Other .....                                | *              | *        | *    | *     | *     | *     | *     |
| Receipts from Trust funds .....            |                |          |      |       |       |       |       |

Table 15-4. INCOME, OUTGO, AND BALANCES OF MAJOR TRUST FUNDS—Continued

(In billions of dollars)

|  | 2000<br>actual | Estimate |      |      |      |      |       |
|--|----------------|----------|------|------|------|------|-------|
|  |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006  |
| Subtotal, income .....                 | 1.8            | 1.8      | 1.7  | 1.6  | 1.5  | 1.4  | 1.3   |
| Outgo:                                 |                |          |      |      |      |      |       |
| To the public .....                    | 1.9            | 2.0      | 2.0  | 2.0  | 2.0  | 1.9  | 1.9   |
| Payments to Other funds .....          |                |          |      |      |      |      |       |
| Subtotal, outgo .....                  | 1.9            | 2.0      | 2.0  | 2.0  | 2.0  | 1.9  | 1.9   |
| Change in fund balance:                |                |          |      |      |      |      |       |
| Surplus or deficit (-):                |                |          |      |      |      |      |       |
| Excluding interest .....               | -1.2           | -1.2     | -1.3 | -1.3 | -1.3 | -1.3 | -1.3  |
| Interest .....                         | 1.0            | 1.0      | 1.0  | 0.9  | 0.9  | 0.8  | 0.8   |
| Subtotal, surplus or deficit (-) ..... | -0.1           | -0.2     | -0.3 | -0.4 | -0.4 | -0.5 | -0.5  |
| Adjustments:                           |                |          |      |      |      |      |       |
| Transfers/lapses (net) .....           |                | *        |      |      |      |      |       |
| Other adjustments .....                |                |          |      |      |      |      |       |
| Total, change in fund balance .....    | -0.1           | -0.2     | -0.3 | -0.4 | -0.4 | -0.5 | -0.5  |
| Balance, end of year .....             | 13.6           | 13.4     | 13.1 | 12.7 | 12.3 | 11.8 | 11.2  |
| <b>Other Trust Funds</b>               |                |          |      |      |      |      |       |
| Balance, start of year .....           | 34.4           | 35.4     | 36.1 | 36.6 | 37.3 | 38.0 | 30.4  |
| Income:                                |                |          |      |      |      |      |       |
| Governmental receipts .....            | 2.9            | 2.8      | 2.8  | 2.8  | 2.9  | 3.0  | 3.0   |
| Proprietary receipts .....             | 3.5            | 3.6      | 3.6  | 3.7  | 3.8  | 3.8  | 3.9   |
| Receipts from Federal funds:           |                |          |      |      |      |      |       |
| Interest .....                         | 2.2            | 2.2      | 2.2  | 2.2  | 2.3  | 2.3  | 2.4   |
| Other .....                            | 1.9            | 2.5      | 1.8  | 1.8  | 1.8  | 1.9  | 1.9   |
| Receipts from Trust funds .....        |                |          |      |      |      |      |       |
| Subtotal, income .....                 | 10.6           | 11.1     | 10.4 | 10.6 | 10.8 | 11.0 | 11.2  |
| Outgo:                                 |                |          |      |      |      |      |       |
| To the public .....                    | 8.9            | 9.7      | 9.3  | 9.3  | 9.4  | 17.9 | 22.6  |
| Payments to Other funds .....          | 0.5            | 0.6      | 0.6  | 0.6  | 0.6  | 0.7  | 0.7   |
| Subtotal, outgo .....                  | 9.4            | 10.3     | 9.9  | 9.9  | 10.1 | 18.5 | 23.3  |
| Change in fund balance:                |                |          |      |      |      |      |       |
| Surplus or deficit (-):                |                |          |      |      |      |      |       |
| Excluding interest .....               | -1.1           | -1.5     | -1.7 | -1.6 | -1.6 | -9.9 | -14.4 |
| Interest .....                         | 2.2            | 2.2      | 2.2  | 2.2  | 2.3  | 2.3  | 2.4   |
| Subtotal, surplus or deficit (-) ..... | 1.2            | 0.8      | 0.5  | 0.7  | 0.7  | -7.6 | -12.0 |
| Adjustments:                           |                |          |      |      |      |      |       |
| Transfers/lapses (net) .....           | -0.4           | —*       | —*   |      |      |      |       |
| Other adjustments .....                | 0.2            | —*       | *    |      |      |      |       |
| Total, change in fund balance .....    | 1.0            | 0.7      | 0.5  | 0.7  | 0.7  | -7.6 | -12.0 |
| Balance, end of year .....             | 35.4           | 36.1     | 36.6 | 37.3 | 38.0 | 30.4 | 18.4  |

\* Less than \$50 million.

Note: Balances shown include committed and uncommitted cash balances.

Table 15-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS

(In billions of dollars)

|  | 2000<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Abandoned Mine Reclamation Fund</b>         |                |          |       |       |       |       |       |
| Balance, start of year .....                   | 1.7            | 1.8      | 1.8   | 1.9   | 2.1   | 2.3   | 2.2   |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                    | 0.3            | 0.3      | 0.3   | 0.3   | 0.3   | ..... | ..... |
| Proprietary receipts .....                     | .....          | *        | *     | *     | *     | *     | *     |
| Receipts from Federal funds:                   |                |          |       |       |       |       |       |
| Interest .....                                 | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Other .....                                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Receipts from Trust funds .....                | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....                         | 0.4            | 0.4      | 0.4   | 0.4   | 0.4   | 0.1   | 0.1   |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                            | 0.3            | 0.4      | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| Payments to Other funds .....                  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....                          | 0.3            | 0.4      | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| Change in fund balance:                        |                |          |       |       |       |       |       |
| Surplus or deficit (-):                        |                |          |       |       |       |       |       |
| Excluding interest .....                       | *              | -0.1     | 0.1   | 0.1   | 0.1   | -0.2  | -0.2  |
| Interest .....                                 | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Subtotal, surplus or deficit (-) .....         | 0.1            | -*       | 0.1   | 0.2   | 0.2   | -0.1  | -0.2  |
| Adjustments:                                   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....                        | .....          | -*       | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....            | 0.1            | -*       | 0.1   | 0.2   | 0.2   | -0.1  | -0.2  |
| Balance, end of year .....                     | 1.8            | 1.8      | 1.9   | 2.1   | 2.3   | 2.2   | 2.0   |
| <b>Nuclear Waste Disposal Fund</b>             |                |          |       |       |       |       |       |
| Balance, start of year .....                   | 7.9            | 9.2      | 10.3  | 11.4  | 12.2  | 13.1  | 14.0  |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts .....                     | 0.7            | 0.6      | 0.6   | 0.6   | 0.6   | 0.6   | 0.6   |
| Receipts from Federal funds:                   |                |          |       |       |       |       |       |
| Interest .....                                 | 0.9            | 0.6      | 0.7   | 0.7   | 0.8   | 0.8   | 0.9   |
| Other .....                                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Receipts from Trust funds .....                | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....                         | 1.6            | 1.2      | 1.3   | 1.4   | 1.4   | 1.5   | 1.5   |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....                            | 0.3            | 0.2      | 0.2   | 0.5   | 0.6   | 0.6   | 0.6   |
| Payments to Other funds .....                  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....                          | 0.3            | 0.2      | 0.2   | 0.5   | 0.6   | 0.6   | 0.6   |
| Change in fund balance:                        |                |          |       |       |       |       |       |
| Surplus or deficit (-):                        |                |          |       |       |       |       |       |
| Excluding interest .....                       | 0.4            | 0.4      | 0.5   | 0.1   | 0.1   | 0.1   | *     |
| Interest .....                                 | 0.9            | 0.6      | 0.7   | 0.7   | 0.8   | 0.8   | 0.9   |
| Subtotal, surplus or deficit (-) .....         | 1.3            | 1.0      | 1.2   | 0.8   | 0.8   | 0.9   | 0.9   |
| Adjustments:                                   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....                        | *              | *        | -*    | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....            | 1.3            | 1.0      | 1.1   | 0.8   | 0.8   | 0.9   | 0.9   |
| Balance, end of year .....                     | 9.2            | 10.3     | 11.4  | 12.2  | 13.1  | 14.0  | 14.9  |
| <b>Overseas Private Investment Corporation</b> |                |          |       |       |       |       |       |
| Balance, start of year .....                   | 3.0            | 3.0      | 3.3   | 3.5   | 3.8   | 4.1   | 4.4   |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Proprietary receipts .....                     | 0.1            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Receipts from Federal funds:                   |                |          |       |       |       |       |       |
| Interest .....                                 | 0.2            | 0.2      | 0.2   | 0.2   | 0.3   | 0.3   | 0.3   |
| Other .....                                    | *              | *        | *     | *     | *     | *     | *     |

Table 15-5. INCOME, OUTGO, AND BALANCES OF SELECTED FEDERAL FUNDS—Continued

(In billions of dollars)

|  | 2000<br>actual | Estimate |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|
|  |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Receipts from Trust funds .....                                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....   | 0.3            | 0.3      | 0.3   | 0.4   | 0.4   | 0.4   | 0.4   |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....  | 0.3            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Payments to Other funds .....                                      | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....  | 0.3            | 0.1      | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Change in fund balance:  |                |          |       |       |       |       |       |
| Surplus or deficit (-):  |                |          |       |       |       |       |       |
| Excluding interest .....   | -0.2           | *        | 0.1   | -*    | -0.1  | -0.1  | -0.1  |
| Interest .....   | 0.2            | 0.2      | 0.2   | 0.3   | 0.4   | 0.4   | 0.4   |
| Subtotal, surplus or deficit (-) .....                             | 0.1            | 0.3      | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   |
| Adjustments:   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                       | -*             | -*       | -*    | ..... | ..... | ..... | ..... |
| Other adjustments .....  | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....                                | *              | 0.2      | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   |
| Balance, end of year .....   | 3.0            | 3.3      | 3.5   | 3.8   | 4.1   | 4.4   | 4.8   |
| <b>Uranium Enrichment Decontamination and Decommissioning Fund</b> |                |          |       |       |       |       |       |
| Balance, start of year .....                                       | 1.7            | 2.2      | 2.6   | 3.1   | 3.6   | 4.1   | 4.6   |
| Income:  |                |          |       |       |       |       |       |
| Governmental receipts .....  | 0.2            | 0.2      | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| Proprietary receipts .....   | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Receipts from Federal funds:                                       |                |          |       |       |       |       |       |
| Interest .....   | 0.1            | 0.1      | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   |
| Other .....  | 0.4            | 0.4      | 0.4   | 0.5   | 0.5   | 0.5   | 0.5   |
| Receipts from Trust funds .....                                    | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, income .....   | 0.7            | 0.7      | 0.8   | 0.8   | 0.9   | 0.9   | 1.0   |
| Outgo:   |                |          |       |       |       |       |       |
| To the public .....  | 0.2            | 0.4      | 0.4   | 0.4   | 0.4   | 0.4   | 0.4   |
| Payments to Other funds .....                                      | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Subtotal, outgo .....  | 0.2            | 0.4      | 0.4   | 0.4   | 0.4   | 0.4   | 0.4   |
| Change in fund balance:  |                |          |       |       |       |       |       |
| Surplus or deficit (-):  |                |          |       |       |       |       |       |
| Excluding interest .....   | 0.4            | 0.2      | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   |
| Interest .....   | 0.1            | 0.1      | 0.2   | 0.2   | 0.2   | 0.2   | 0.3   |
| Subtotal, surplus or deficit (-) .....                             | 0.5            | 0.3      | 0.4   | 0.5   | 0.5   | 0.5   | 0.6   |
| Adjustments:   |                |          |       |       |       |       |       |
| Transfers/lapses (net) .....                                       | .....          | *        | ..... | ..... | ..... | ..... | ..... |
| Other adjustments .....  | .....          | 0.1      | 0.1   | ..... | ..... | ..... | ..... |
| Total, change in fund balance .....                                | 0.5            | 0.4      | 0.5   | 0.5   | 0.5   | 0.5   | 0.6   |
| Balance, end of year .....   | 2.2            | 2.6      | 3.1   | 3.6   | 4.1   | 4.6   | 5.2   |

\* Less than \$50 million.

Note: Balances shown include committed and uncommitted cash balances.



## 16. NATIONAL INCOME AND PRODUCT ACCOUNTS

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

GDP is a measure of the Nation's final output, which excludes intermediate product to avoid double counting. Government consumption expenditures and gross investment are included in GDP as part of final output, together with personal consumption expenditures, gross private domestic investment, and net exports of goods and services. Other government expenditures—transfer payments, grants to State and local governments, subsidies, and net interest payments—are not final output and as such are not included in GDP; however, these transactions are recorded in the NIPA government receipts and expenditure account. This leaves only government consumption expenditures and gross investment—State and local as well as Federal—to be included in final output.

Federal transactions are included in the NIPA's as part of the government sector.<sup>1</sup> The Federal sector is designed to measure certain important economic effects of Federal transactions in a way that is consistent with the conceptual structure of the entire set of integrated accounts. The NIPA Federal sector is not itself a budget, because it is not a financial plan for proposing, determining, and controlling the fiscal activities of the Government. NIPA concepts differ in many ways from budget concepts, and therefore the NIPA presentation of Federal finances is significantly different from that of the budget.

### Differences Between the NIPA's and the Budget

Federal transactions in the NIPA's are measured according to NIPA accounting concepts in order to be compatible with the purposes of the NIPA's and other transactions recorded in the NIPA's. As a result they differ from the budget in netting, timing, and coverage. These differences cause total receipts and expenditures in the NIPA's to differ from total receipts and outlays in the budget. Differences in timing and coverage also cause the NIPA current surplus or deficit to differ from the budget surplus or deficit. Netting differences have equal effects on receipts and expenditures and thus have no effect on the current surplus/deficit. Besides

these differences, the NIPA's combine transactions into different categories from those used in the budget.

Comprehensive revisions to the NIPA's introduced in October 1999 significantly changed the way Federal transactions are measured in the NIPA's, and, since the budget did not change correspondingly, changed the ways in which the NIPA's differ from the budget. The three most important changes were 1) the inclusion of computer software in investment (government and private) and in depreciation (capital consumption); 2) removal of transactions deemed "capital transfers" from the NIPA government sectors (which removes estate and gift taxes from both Federal and the State and local receipts, and removes Federal grants for construction of fixed capital from Federal NIPA expenditures); and 3) a revised treatment of government employee pension plans that treats their transactions analogously to those of private pension plans. Under the revised pension treatment, employer and employee contributions to government employee pension plans are now personal income (as if paid to a private pension plan in the household sector) rather than government receipts (contributions for social insurance); and pension benefit payments to former government employees are now simply transfers within the household sector rather than government expenditures (transfers to persons).

Netting differences arise when the budget records certain transactions as offsets to outlays while they are recorded as receipts in the NIPA's (or vice versa). The budget treats all income that comes to the Government due to its sovereign powers—mainly, but not exclusively, taxes—as governmental receipts. On the other hand, the budget offsets against outlays any income that arises from voluntary business-type transactions with the public. The NIPA's generally follow this concept as well, and all income to government enterprises such as the Postal Service or the power administrations is offset against expenditures. However, the NIPA's have a narrower definition of "business-type transactions". Rents, royalties, and regulatory or inspection fees (offsetting receipts in the budget) are recorded in the NIPA's as Government receipts (business nontaxes). The NIPA's include Medicare premiums as Government receipts, while the budget classifies them as business-type transactions (offsetting receipts).

In the budget, any intragovernmental income from one account to another is offset against outlays rather than being recorded as a receipt. Government contributions for Federal employee social insurance (such as social security) is an example: the budget offsets these payments against outlays. In contrast, the NIPA's treat the Federal Government like any other employer and show contributions for Federal employee social insurance as expenditures by the employing agencies and

<sup>1</sup>The other part of the government sector is a single consolidated set of transactions for all U.S. State and local units of government combined.

as governmental (rather than offsetting) receipts. The NIPA's also impute certain transactions that are not explicit in the budget. For example, unemployment benefits for Federal employees are financed by direct appropriations rather than social insurance contributions. The NIPA's impute social insurance contributions by employing agencies to finance these benefits—again, treating the Federal Government like any other employer.

Timing differences for receipts occur because the NIPA's generally record personal taxes and social insurance contributions when they are paid and business taxes when they accrue, while the budget generally records all receipts when they are received. When the NIPA's attribute corporations' final settlement payments back to the quarter(s) in which the profits that gave rise to the tax liability were generated, significant timing differences with the budget arise. Timing differences for expenditures arise, for example, when the first of a month falls on a weekend and monthly benefit checks normally mailed on the first of the month may be mailed out a day or two earlier; the budget then reflects two payments in one month and none the next. On occasion, the budget totals reflect 13 monthly payments in one year and only 11 the next. NIPA expenditure figures always reflect 12 benefit payments per year—again giving rise to a timing difference compared to the budget.

The budget and the NIPA's also have coverage differences. The NIPA's exclude transactions with U.S. territories. The NIPA's also exclude the proceeds from the sales of nonproduced assets such as land. Bonuses paid on Outer Continental Shelf oil leases and proceeds from broadcast spectrum auctions are shown as offsetting receipts in the budget and are deducted from budget outlays. In the NIPA's these transactions are excluded as an exchange of assets with no production involved.

A type of coverage difference arises on the expenditure side because of the NIPA treatment of government investment. The budget includes outlays for Federal investments as they are paid for, while the Federal sector of the NIPA's instead excludes current investments but includes a depreciation charge on past investments ("consumption of general government fixed capital") among "current expenditures." The inclusion of depreciation on fixed capital (structures, equipment and software) in current expenditures is a proxy for the services of capital; i.e., for its contribution to government output of public services. The October 1999 comprehensive revisions to the NIPA's reclassified software as investment, adding to the measured size of both investments and capital consumption (government and private).

The revised treatment of government pension plan income and outgo in the 1999 revisions also gave rise to a form of coverage difference. Where the budget treats employee payments to these pension plans as governmental receipts, and employer contributions as offsets to outlays, the NIPA's now treat both as per-

sonal income, as if the pension plan were in the private (household) sector; the budget records a government check to a retired government employee as a current outlay, but under the new NIPA concepts, no government expenditure then occurs; the payment is treated as a transfer of income within the household sector.

Also as part of the 1999 comprehensive revisions, Federal investment grants to State and local governments (such as for interstate highway construction), investment subsidies to business, and forgiveness of debt owed by foreign governments are now excluded from the NIPA's as being capital transfers. Likewise, estate and gift taxes, included in budget receipts, are now excluded from the NIPA's as capital transfers.

Financial transactions such as loan disbursements, loan repayments, loan asset sales, and loan guarantees are excluded from the NIPA's on the grounds that such transactions simply involve an exchange of assets. In contrast, under the Federal Credit Reform Act of 1990, for direct loan obligations and loan guarantee commitments made after 1991, the budget records the estimated subsidy cost of the direct loan or loan guarantee as an outlay when the loan is disbursed. The cash flows with the public are recorded in nonbudgetary accounts as a means of financing the budget rather than as budgetary transactions themselves. This treatment recognizes that part of a Federal direct loan is an exchange of assets with equal value but part is a subsidy to the borrower. It also recognizes the subsidy normally granted by loan guarantees. In the NIPA's, neither the subsidies nor the loan transactions are included; however, the NIPA's include all interest transactions with the public, including net interest paid to the financing accounts.

Deposit insurance outlays for resolving failed banks and thrift institutions are similarly excluded from the NIPA's on the grounds that there are no offsetting current income flows from these transactions. In 1991, this exclusion was the largest difference between the NIPA's and the budget and tended to make the budget deficit larger than the NIPA current deficit. In subsequent years, as assets acquired from failed financial institutions were sold, these collections tended to make the budget deficit smaller than the NIPA current deficit.

### Federal Sector Current Receipts

Table 16-1 shows Federal current receipts in the four major categories used in the NIPA's, which are similar to the budget categories but with significant differences.

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

Corporate profits tax accruals differs in classification from the corresponding budget category primarily because the NIPA's include the deposit of earnings of the Federal Reserve System as corporate profits taxes, while the budget treats these collections as miscellaneous receipts. The timing difference between the

**Table 16–1. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME AND PRODUCT ACCOUNTS, 1991–2002**  
(In billions of dollars)

| Description  | Actual         |                |                |                |                |                |                |                |                |                | Estimate       |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 1991           | 1992           | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           | 1999           | 2000           | 2001           | 2002           |
| <b>CURRENT RECEIPTS</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Personal tax and nontax receipts .....                         | 465.7          | 473.9          | 500.9          | 541.2          | 583.7          | 654.7          | 736.3          | 823.2          | 875.9          | 997.0          | 1,068.9        | 1,077.3        |
| Corporate profits tax accruals .....                           | 111.5          | 115.6          | 131.0          | 152.5          | 177.8          | 187.8          | 198.6          | 210.9          | 213.5          | 243.1          | 233.2          | 242.1          |
| Indirect business tax and nontax accruals .....                | 75.4           | 80.0           | 84.1           | 94.2           | 93.8           | 90.3           | 97.9           | 96.1           | 98.4           | 109.7          | 117.0          | 119.5          |
| Contributions for social insurance .....                       | 413.1          | 434.9          | 458.4          | 487.9          | 515.8          | 535.8          | 566.1          | 603.8          | 644.6          | 682.9          | 717.5          | 760.8          |
| <b>Total current receipts .....</b>                            | <b>1,065.7</b> | <b>1,104.4</b> | <b>1,174.3</b> | <b>1,275.8</b> | <b>1,371.0</b> | <b>1,468.6</b> | <b>1,599.0</b> | <b>1,734.0</b> | <b>1,832.5</b> | <b>2,032.8</b> | <b>2,136.7</b> | <b>2,199.7</b> |
| <b>CURRENT EXPENDITURES</b>                                    |                |                |                |                |                |                |                |                |                |                |                |                |
| Consumption expenditures .....                                 | 437.5          | 442.0          | 444.8          | 441.6          | 441.5          | 435.8          | 453.8          | 451.6          | 466.2          | 486.4          | 508.4          | 531.0          |
| Defense .....  | 321.5          | 314.9          | 311.1          | 304.6          | 299.6          | 295.5          | 304.0          | 300.5          | 305.5          | 319.7          | 324.4          | 340.1          |
| Nondefense .....   | 116.0          | 127.1          | 133.7          | 137.1          | 141.9          | 140.2          | 149.8          | 151.2          | 160.8          | 166.7          | 184.1          | 191.0          |
| Transfer payments .....  | 448.1          | 548.4          | 590.2          | 614.8          | 646.6          | 680.4          | 711.0          | 728.1          | 741.9          | 768.0          | 828.7          | 872.0          |
| To persons .....   | 478.1          | 537.1          | 573.4          | 599.3          | 633.8          | 668.6          | 699.9          | 717.3          | 730.8          | 758.1          | 817.0          | 860.5          |
| To the rest of the world .....                                 | -29.9          | 11.3           | 16.8           | 15.5           | 12.8           | 11.9           | 11.2           | 10.9           | 11.1           | 10.0           | 11.7           | 11.5           |
| Grants-in-aid to State and local governments .....             | 125.4          | 145.5          | 157.7          | 172.8          | 184.3          | 188.4          | 191.9          | 206.5          | 223.8          | 243.7          | 270.4          | 304.6          |
| Net interest paid .....  | 218.9          | 229.7          | 228.4          | 234.0          | 261.9          | 272.6          | 275.4          | 278.1          | 268.9          | 264.8          | 248.2          | 230.1          |
| Subsidies less current surplus of Government enterprises ..... | 26.4           | 28.4           | 38.6           | 32.9           | 34.3           | 34.4           | 30.8           | 30.6           | 32.4           | 50.9           | 44.8           | 41.0           |
| Wage disbursements less accruals .....                         | —*             |                |                |                |                |                |                |                |                |                |                |                |
| <b>Total current expenditures .....</b>                        | <b>1,256.3</b> | <b>1,394.1</b> | <b>1,459.7</b> | <b>1,496.0</b> | <b>1,568.6</b> | <b>1,611.6</b> | <b>1,663.0</b> | <b>1,695.0</b> | <b>1,733.2</b> | <b>1,813.8</b> | <b>1,900.5</b> | <b>1,978.7</b> |
| <b>Current surplus or deficit (-) .....</b>                    | <b>-190.7</b>  | <b>-289.7</b>  | <b>-285.4</b>  | <b>-220.2</b>  | <b>-197.5</b>  | <b>-143.0</b>  | <b>-64.0</b>   | <b>39.0</b>    | <b>99.3</b>    | <b>219.0</b>   | <b>236.2</b>   | <b>221.0</b>   |
| <b>ADDENDUM</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Gross investment .....   | 89.1           | 87.5           | 86.2           | 82.1           | 83.0           | 85.5           | 80.7           | 85.0           | 94.0           | 103.8          | 117.6          | 122.7          |
| Defense .....  | 65.5           | 60.5           | 56.8           | 55.2           | 53.7           | 54.9           | 47.9           | 49.5           | 52.4           | 55.8           | 63.2           | 64.5           |
| Nondefense .....   | 23.5           | 27.0           | 29.4           | 26.9           | 29.3           | 30.6           | 32.9           | 35.5           | 41.6           | 48.0           | 54.4           | 58.3           |

\* Less than \$50 million.

NIPA's and the budget is especially large for corporate receipts.

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

Contributions for social insurance differs from the corresponding budget category primarily because: (1) the NIPA's include Federal employer contributions for social insurance as a Government receipt, while the budget offsets these contributions against outlays as undistributed offsetting receipts; (2) the NIPA's include premiums for Part B of Medicare as Government receipts, while the budget again nets them against outlays; (3) the NIPA's treat government employee contributions to their pension plans as personal income, while the budget includes them in Government receipts; and (4) the NIPA's impute contributions for Federal employees' unemployment insurance and workers' compensation.

### Federal Sector Current Expenditures

Table 16–1 shows current expenditures in the six major NIPA categories, which are very different from the budget categories.

Government consumption expenditures are the goods and services purchased by the Federal Government in the current account, including compensation of employees and depreciation charges on federally owned fixed

capital ("consumption of general government fixed capital"). Gross investment (shown as addendum items in Table 16–1) is excluded from current expenditures in computing the government current surplus or current deficit on a NIPA basis, whereas depreciation is included. The NIPA's treat State and local investment and capital consumption in the same way — regardless of the extent to which it is financed with Federal aid (capital transfers) or from State and local own source receipts.

Although gross investment is not included in government current expenditures, both government gross investment and current consumption expenditures (including depreciation) are included in total GDP, which makes the treatment of the government sectors in the NIPA's similar to that of the private sector.

Transfer payments are the largest expenditure category. Transfer payments to persons are mainly for income security and health programs, such as Social Security and Medicare. (Since the 1999 NIPA revisions, payment of pension benefits to former government employees is no longer included in transfer payments to persons.) Transfer payments to the rest of the world include grants to foreign governments and payments under Social Security and other similar programs to individuals living abroad.

Grants-in-aid to State and local governments help finance a range of programs, including income security,

Medicaid, education, and others (but capital transfers for construction of highways, airports, waste-water treatment plants and mass transit are now excluded).

Net interest paid is the interest paid by the Government on its debt (excluding debt held by trust funds, other than Federal employee pension plans; and other Government accounts), less interest received on its loans.

Subsidies less current surplus of Government enterprises consist of two elements: (1) subsidy payments for resident businesses (excluding subsidies for investment); and (2) the current surplus (or deficit) of "Government enterprises," such as the Postal Service, which are business-type operations of Government that usually appear in the budget as public enterprise revolving funds. Depreciation (consumption of enterprise fixed capital) is netted in calculating the current surplus of government enterprises.

NIPA subsidies do not include the imputed credit subsidies estimated as budget outlays under credit reform. Rather, loans and guarantees are categorized as financial transactions and are excluded from the NIPA's except for associated interest and fees.

Wage disbursements less accruals is an adjustment that is necessary to the extent that the wages paid in a period differ from the amount earned in the period.

### Differences in the Estimates

Since the introduction of the unified budget in January 1968, NIPA receipts have been less than budget receipts in most years, due principally to the fact that estate and gift taxes, which they exclude (as capital transfers) have exceeded Medicare premiums, which they include but budget receipts do not. NIPA current expenditures have usually been higher than budget outlays (from which the Medicare premiums and employer retirement contributions are netted out as offsetting receipts), despite the omission from NIPA expenditures of grants for capital construction and pension benefits payments to former government employees. However, two components of budget outlays are sometimes sufficiently large in combination to match the netting adjustments. These are financial transactions and payments to U.S. territories. Large outlays associated with resolving the failed savings and loan associations and banks in 1990 and 1991 caused those year's budget outlays to exceed NIPA current expenditures. With the change in budgetary treatment of direct loans in 1992 under credit reform, one type of financial transaction—direct loans to the public—has been recorded in the budget in a way that is closer to the NIPA treatment. Disbursement and repayment of loans are now recorded outside the budget as in the Federal sector of the NIPA's, although, unlike the NIPA's, credit subsidies are recorded as budget outlays.

Table 16-2. RELATIONSHIP OF THE BUDGET TO THE FEDERAL SECTOR, NIPA's

|   | Actual         |                |                |                |                |                |                |                |                |                | Estimate       |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 1991           | 1992           | 1993           | 1994           | 1995           | 1996           | 1997           | 1998           | 1999           | 2000           | 2001           | 2002           |
| <b>RECEIPTS</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget receipts .....                                       | 1,055.0        | 1,091.3        | 1,154.4        | 1,258.6        | 1,351.8        | 1,453.1        | 1,579.3        | 1,721.8        | 1,827.5        | 2,025.2        | 2,136.9        | 2,191.7        |
| Contributions to government employee retirement plans ..... | -4.6           | -4.8           | -4.8           | -4.7           | -4.6           | -4.5           | -4.4           | -4.3           | -4.5           | -4.8           | -4.6           | -4.3           |
| Capital transfers received .....                            | -11.0          | -11.0          | -12.3          | -15.1          | -14.5          | -17.1          | -19.7          | -23.9          | -27.6          | -28.8          | -30.9          | -28.5          |
| Other coverage differences .....                            | -1.9           | -2.0           | -2.0           | -2.4           | -2.5           | -3.6           | -3.8           | -5.7           | -6.9           | -8.2           | -9.6           | -9.8           |
| Netting and grossing .....                                  | 27.3           | 32.8           | 37.5           | 39.2           | 37.3           | 37.0           | 41.6           | 40.5           | 41.1           | 45.8           | 52.1           | 54.8           |
| Timing differences .....                                    | 0.8            | -1.9           | 1.6            | 0.1            | 3.4            | 3.6            | 6.0            | 5.7            | 3.0            | 3.5            | -7.2           | -4.2           |
| <b>NIPA current receipts .....</b>                          | <b>1,065.7</b> | <b>1,104.4</b> | <b>1,174.3</b> | <b>1,275.8</b> | <b>1,371.0</b> | <b>1,468.6</b> | <b>1,599.0</b> | <b>1,734.0</b> | <b>1,832.5</b> | <b>2,032.8</b> | <b>2,136.7</b> | <b>2,199.7</b> |
| <b>EXPENDITURES</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget outlays .....  | 1,324.4        | 1,381.7        | 1,409.5        | 1,461.9        | 1,515.8        | 1,560.6        | 1,601.3        | 1,652.6        | 1,702.9        | 1,788.8        | 1,856.2        | 1,960.6        |
| Government employee retirement plan transactions .....      | 30.8           | 32.7           | 31.7           | 30.1           | 29.0           | 27.0           | 31.8           | 31.4           | 32.3           | 31.6           | 31.6           | 32.3           |
| Deposit insurance and other financial transactions .....    | -80.1          | -9.5           | 20.2           | 1.5            | 7.1            | -2.0           | -8.0           | -6.7           | -12.5          | 1.7            | 26.8           | 1.4            |
| Capital transfers paid .....                                | -21.4          | -21.8          | -23.2          | -24.6          | -27.1          | -27.6          | -28.8          | -28.2          | -31.3          | -35.1          | -38.3          | -41.6          |
| Net purchases of nonproduced assets .....                   | -0.2           | -0.2           | -0.2           | -0.2           | 7.4            | 0.1            | 11.0           | 5.2            | 1.6            | *              | 1.0            | 1.2            |
| Net investment .....  | -16.9          | -12.7          | -8.3           | -1.4           | 0.4            | -0.5           | 5.6            | 2.9            | -2.6           | -5.8           | -13.4          | -13.8          |
| Other coverage differences .....                            | -6.8           | -5.6           | -8.1           | -4.8           | -3.0           | 3.0            | 11.5           | 0.8            | 2.4            | -13.6          | -17.8          | -16.9          |
| Netting and grossing differences .....                      | 27.3           | 32.8           | 37.5           | 39.2           | 37.3           | 37.0           | 41.6           | 40.5           | 41.1           | 45.8           | 52.1           | 54.8           |
| Timing differences .....                                    | -0.7           | -3.2           | 0.6            | -5.7           | 1.7            | 14.0           | -3.0           | -3.7           | -0.8           | 0.3            | 2.3            | 0.7            |
| <b>NIPA current expenditures .....</b>                      | <b>1,256.3</b> | <b>1,394.1</b> | <b>1,459.7</b> | <b>1,496.0</b> | <b>1,568.6</b> | <b>1,611.6</b> | <b>1,663.0</b> | <b>1,695.0</b> | <b>1,733.2</b> | <b>1,813.8</b> | <b>1,900.5</b> | <b>1,978.7</b> |
| <b>ADDENDUM</b>   |                |                |                |                |                |                |                |                |                |                |                |                |
| Budget surplus or deficit (-) .....                         | -269.4         | -290.4         | -255.1         | -203.3         | -164.0         | -107.5         | -22.0          | 69.2           | 124.6          | 236.4          | 280.7          | 231.2          |
| NIPA current surplus or deficit (-) .....                   | -190.7         | -289.7         | -285.4         | -220.2         | -197.5         | -143.0         | -64.0          | 39.0           | 99.3           | 219.0          | 236.2          | 221.0          |

\* Less than \$50 million.

During the period 1975–1992, the budget deficit exceeded the Federal current deficit as measured in the NIPA's every year. The largest difference, \$78.8 billion, occurred in 1991 as a result of resolving failed financial institutions as discussed above; the budget deficit was then \$269.4 billion, while the NIPA current deficit was \$190.7 billion. In 1993–1997, the NIPA current account deficit was above the budget deficit, while for 1998–2002, the NIPA current account surplus is projected to be lower than the budget surplus.

Table 16–1 displays Federal transactions using NIPA concepts with actual data for the years 1991–2000 and estimates for 2001 and 2002 consistent with the Admin-

istration's budget proposals. Table 16–2 summarizes the reasons for differences between the data using budget concepts and NIPA concepts. Table 16–3 displays quarterly data using NIPA concepts beginning in October 1999. Annual NIPA data for 1960–2002 are published in Section 14 of a separate budget volume, *Historical Tables, Budget of the U.S. Government, Fiscal Year 2002*.

Additional detailed estimates of receipts and current expenditures will be published in a forthcoming issue of the Department of Commerce publication, *Survey of Current Business*.

**Table 16–3. FEDERAL RECEIPTS AND EXPENDITURES IN THE NIPA'S, QUARTERLY, 2000–2002**

(In billions of dollars; seasonally adjusted at annual rates)

| Description  | Actual         |                |                |                |                | Estimate       |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Oct.-Dec.      | Jan.-Mar.      | Apr.-June      | July-Sept.     | Oct.-Dec.      | Jan.-Mar.      | Apr.-June      | July-Sept.     | Oct.-Dec.      | Jan.-Mar.      | Apr.-June      | July-Sept.     |
|  | 1999           | 2000           | 2000           | 2000           | 2000           | 2001           | 2001           | 2001           | 2001           | 2002           | 2002           | 2002           |
| <b>CURRENT RECEIPTS</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Personal tax and nontax receipts .....                         | 938.2          | 978.0          | 1,003.6        | 1,030.9        | 1,058.2        | 1,084.1        | 1,097.0        | 1,108.7        | 1,118.6        | 1,090.1        | 1,102.7        | 1,115.3        |
| Corporate profits tax accruals .....                           | 232.3          | 245.7          | 250.5          | 249.4          | NA             | 230.3          | 232.0          | 237.3          | 241.6          | 241.0          | 242.5          | 243.3          |
| Indirect business tax and nontax accruals .....                | 103.9          | 106.8          | 108.9          | 108.9          | 109.0          | 109.2          | 110.7          | 112.1          | 112.1          | 113.0          | 113.8          | 114.6          |
| Contributions for social insurance .....                       | 666.6          | 681.5          | 691.8          | 700.2          | 708.8          | 722.8          | 731.4          | 740.2          | 748.8          | 765.6          | 774.4          | 783.4          |
| <b>Total current receipts .....</b>                            | <b>1,941.0</b> | <b>2,011.9</b> | <b>2,054.8</b> | <b>2,089.4</b> | <b>NA</b>      | <b>2,146.4</b> | <b>2,171.0</b> | <b>2,198.3</b> | <b>2,221.1</b> | <b>2,209.7</b> | <b>2,233.4</b> | <b>2,256.7</b> |
| <b>CURRENT EXPENDITURES</b>                                    |                |                |                |                |                |                |                |                |                |                |                |                |
| Consumption expenditures .....                                 | 487.0          | 478.7          | 499.0          | 489.9          | 489.0          | 497.2          | 503.7          | 502.3          | 507.3          | 518.9          | 525.6          | 529.9          |
| Defense .....  | 324.7          | 311.2          | 325.7          | 319.6          | 322.4          | 324.3          | 327.8          | 324.8          | 330.8          | 338.8          | 344.6          | 348.2          |
| Nondefense .....   | 162.3          | 167.5          | 173.3          | 170.3          | 166.7          | 172.9          | 175.9          | 177.5          | 176.5          | 180.1          | 181.0          | 181.7          |
| Transfer payments .....  | 757.7          | 763.2          | 779.0          | 785.2          | 802.1          | 820.1          | 834.2          | 841.7          | 854.2          | 866.3          | 873.7          | 876.7          |
| Domestic ("to persons") .....                                  | 738.8          | 754.9          | 769.9          | 773.8          | 778.4          | 808.5          | 828.1          | 836.4          | 839.0          | 857.0          | 863.4          | 865.4          |
| Foreign .....  | 18.9           | 8.3            | 9.1            | 11.4           | 23.6           | 11.6           | 6.1            | 5.4            | 15.1           | 9.3            | 10.3           | 11.3           |
| Grants-in-aid to State and local governments .....             | 238.8          | 235.0          | 240.9          | 251.2          | 251.2          | 264.1          | 278.9          | 287.5          | 297.3          | 302.4          | 306.4          | 312.0          |
| Net interest paid .....  | 261.8          | 265.0          | 260.3          | 257.2          | 254.6          | 249.7          | 244.9          | 240.3          | 236.7          | 232.0          | 226.9          | 221.5          |
| Subsidies less current surplus of Government enterprises ..... | 52.3           | 34.1           | 34.6           | 52.4           | 32.4           | 30.8           | 30.7           | 30.5           | 30.1           | 29.6           | 29.2           | 28.9           |
| Wage disbursements less accruals .....                         |                |                |                |                |                |                |                |                |                |                |                |                |
| <b>Total current expenditures .....</b>                        | <b>1,797.7</b> | <b>1,776.0</b> | <b>1,813.9</b> | <b>1,836.0</b> | <b>1,829.3</b> | <b>1,862.0</b> | <b>1,892.4</b> | <b>1,902.3</b> | <b>1,925.6</b> | <b>1,949.1</b> | <b>1,961.8</b> | <b>1,969.1</b> |
| <b>Current surplus .....</b>                                   | <b>143.3</b>   | <b>235.8</b>   | <b>240.9</b>   | <b>253.3</b>   | <b>NA</b>      | <b>284.5</b>   | <b>278.6</b>   | <b>296.0</b>   | <b>295.5</b>   | <b>260.6</b>   | <b>271.6</b>   | <b>287.5</b>   |
| <b>ADDENDUM</b>  |                |                |                |                |                |                |                |                |                |                |                |                |
| Gross investment .....   | 104.5          | 101.3          | 105.5          | 104.3          | 112.8          | 114.9          | 115.4          | 119.6          | 118.3          | 120.7          | 121.8          | 123.8          |
| Defense .....  | 56.1           | 55.4           | 56.2           | 55.4           | 61.9           | 62.9           | 62.4           | 65.5           | 63.2           | 64.5           | 64.6           | 65.6           |
| Nondefense .....   | 48.5           | 46.0           | 49.3           | 48.9           | 50.9           | 52.0           | 53.0           | 54.1           | 55.1           | 56.2           | 57.2           | 58.2           |

NA = Not available; actual data shown for the Oct.-Dec. 2000 quarter are Department of Commerce preliminary estimates published February 28, 2001.

\* Less than \$50 million.



## 17. COMPARISON OF ACTUAL TO ESTIMATED TOTALS FOR 2000

The following three parts of this chapter compare the actual total receipts, outlays, and surplus for 2000 with the current services estimates<sup>1</sup> shown in the 2000 Budget published in February 1999. The fourth part of this chapter shows additional details for a comparison of mandatory and related programs, and the final part reconciles actual receipts, outlays, and surplus totals for 2000 previously published by the Department of the Treasury with those in this budget.

### Receipts

Receipts in 2000 were \$2,025.2 billion, which is \$153.4 billion greater than the current services estimate of \$1,871.8 billion in the 2000 Budget. As shown in Table 17-1, this increase was the net effect of legislative and administrative changes; economic conditions that differed from what had been expected; and technical factors that resulted in different collection patterns and effective tax rates than had been assumed.

**Policy differences.**—The Consolidated Appropriations Act for FY 2000 and the repeal of the Social Security earnings test increased 2000 receipts by \$3.8 billion and \$1.3 billion, respectively. Other legislative and administrative changes enacted after February 1999 partially offset the increases provided in these two Acts, resulting in a net increase in 2000 receipts relative to the February 1999 current services estimate of \$4.5 billion.

**Economic differences.**—Differences between the economic assumptions upon which the current services estimates were made and actual economic performance accounted for a net increase in 2000 receipts of \$87.6

billion. Higher-than-anticipated wages and salaries and other sources of personal income were in large part responsible for the increases in individual income taxes and social insurance and retirement receipts of \$39.0 billion and \$16.2 billion, respectively. Increased corporation income taxes, attributable to higher-than-expected corporate profits, increased 2000 receipts by an additional \$24.7 billion relative to the February 1999 estimate. Excise taxes were also higher than the budget estimate, in large part due to higher-than-estimated levels of gross domestic product (GDP). Higher-than-expected imports, which affect customs duties, and higher-than-expected interest rates, which affect deposits of earnings by the Federal Reserve (miscellaneous receipts), increased receipts above the budget estimates by an additional \$1.8 billion and \$3.9 billion, respectively.

**Technical reestimates.**—Technical factors increased 2000 receipts a net \$61.2 billion above the February 1999 current services estimate. This net increase was in large part attributable to higher-than-anticipated collections of individual income taxes and estate and gift taxes, which were partially offset by lower-than-anticipated collections of corporation income taxes. Higher effective tax rates on personal income than estimated in February 1999, and the continued strength of the stock market and its effect on capital gains, were in large part responsible for the increase in individual income taxes of \$61.2 billion. Greater-than-anticipated numbers and values of taxable estates, attributable in large part to the continued strength of the stock market, increased estate and gift taxes \$2.4 billion above the budget estimate. Different collection patterns and effective tax rates than assumed in February 1999 were primarily responsible for the lower-than-anticipated collections of corporation income taxes of \$3.1 billion.

**Table 17-1. COMPARISON OF ACTUAL 2000 RECEIPTS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

|  | Feb. 1999 estimate | Enacted legislation/administrative actions | Different economic conditions | Technical factors | Net change   | Actual         |
|--|--------------------|--|-------------------------------|-------------------|--------------|----------------|
| Individual income taxes .....                  | 902.1              | 2.2  | 39.0                          | 61.2              | 102.4        | 1,004.5        |
| Corporation income taxes .....                 | 186.5              | -0.8                                       | 24.7                          | -3.1              | 20.8         | 207.3          |
| Social insurance and retirement receipts ..... | 636.2              | .....                                      | 16.2                          | 0.4               | 16.6         | 652.9          |
| Excise taxes .....                             | 65.2               | *  | 2.2                           | 1.4               | 3.6          | 68.9           |
| Estate and gift taxes .....                    | 26.7               | .....                                      | -0.1                          | 2.4               | 2.3          | 29.0           |
| Customs duties .....                           | 19.6               | -0.6                                       | 1.8                           | -0.9              | 0.3          | 19.9           |
| Miscellaneous receipts .....                   | 35.4               | 3.8  | 3.9                           | -0.2              | 7.4          | 42.8           |
| <b>Total .....</b>                             | <b>1,871.8</b>     | <b>4.5</b>                                 | <b>87.6</b>                   | <b>61.2</b>       | <b>153.4</b> | <b>2,025.2</b> |

\* Indicates \$50 million or less.

### Outlays

Outlays for 2000 were \$1,788.8 billion. This was \$14.7 billion more than the \$1,774.1 billion current services estimate in the 2000 Budget (February 1999).

Table 17-2 distributes the \$14.7 billion net increase in outlays among discretionary and mandatory programs and net interest. Discretionary programs, those whose spending is controlled by annual appropriations acts, are \$18.8 billion above the February 1999 estimate. Mandatory programs are those controlled by authorizing legislation. Outlays for mandatory programs depend on eligibility criteria, benefit levels, and other factors established in law. Major examples of these programs include Social Security and Medicare benefits for the elderly, agricultural price support payments to farmers, and deposit insurance for banks and thrift institutions. On net, mandatory outlays are \$11.8 billion below the February 1999 estimate.

The table also makes rough estimates according to three reasons for the changes: policy; economic conditions; and technical estimating differences, a residual.

*Policy changes* are the result of actions by the Congress or the Administration that change spending levels, primarily through higher or lower appropriations or changes in authorizing legislation. For 2000, policy changes increased outlays an estimated \$27.2 billion relative to the initial current services estimates.

Policy changes increased discretionary outlays by \$7.6 billion, because outlays from final appropriations were above the current services estimates. Defense discretionary outlays increased by \$4.2 billion and nondefense discretionary outlays increased by \$3.4 billion. Policy changes increased mandatory outlays by \$18.9 billion above current law. The largest changes were increases of \$14.0 billion for emergency and non-emergency spending for agricultural programs and a \$4.5 billion increase in Social Security benefit payments from repealing the Social Security earnings test.

*Economic conditions* that differed from those forecasted in February 1999 resulted in a net decrease

in outlays of \$0.1 billion. Outlays for mandatory programs decreased an estimated \$7.8 billion, largely due to lower-than-expected unemployment rates, which in turn reduced outlays for unemployment compensation and food stamps. Most of this reduction was offset by an increase of \$7.7 billion in net interest due to a combination of higher-than-projected interest rates, partially offset by decreased borrowing requirements that resulted from the effect of economic factors on receipts and outlays.

*Technical estimating differences* and other changes resulted in a net decrease in outlays of \$12.4 billion. Outlays for discretionary programs increased an estimated \$11.2 billion, largely due to higher-than-estimated outlays for defense programs. Technical changes for mandatory programs result from changes in such factors as the number of beneficiaries for entitlement programs, crop conditions, or other factors not associated with policy changes or economic conditions. Outlays for mandatory programs decreased an estimated \$23.0 billion, largely due to lower-than-anticipated outlays for Medicare. Medicare spending decreased by over \$20 billion due to overestimation of benefit expenditures, in particular those in the areas of inpatient hospital care and home health.

### Surplus

The preceding two sections discussed the differences between the initial current services estimates and the actual amounts of Federal Government receipts and outlays for 2000. This section combines these effects to show the net impact of these differences on the surplus.

As shown in Table 17-3, the 2000 current services surplus was initially estimated to be \$97.7 billion. The actual surplus was \$236.4 billion, which was a \$138.7 billion increase from the initial estimate. Receipts were \$153.4 billion more than the initial estimate, and outlays were \$14.7 billion more. The table shows the distribution of the changes according to the categories in the preceding two sections.

**Table 17-2. COMPARISON OF ACTUAL 2000 OUTLAYS WITH THE INITIAL CURRENT SERVICES ESTIMATES**

(In billions of dollars)

|                               | Current Services<br>(Feb.<br>1999) | Changes     |             |              |               | Actual         |
|-------------------------------|------------------------------------|-------------|-------------|--------------|---------------|----------------|
|                               |                                    | Policy      | Economic    | Technical    | Total changes |                |
| Discretionary:                |                                    |             |             |              |               |                |
| Defense .....                 | 279.0                              | 4.2         | .....       | 11.8         | 16.0          | 295.0          |
| Nondefense .....              | 317.1                              | 3.4         | .....       | -0.6         | 2.8           | 319.9          |
| Subtotal, discretionary ..... | 596.1                              | 7.6         | .....       | 11.2         | 18.8          | 614.8          |
| Mandatory:                    |                                    |             |             |              |               |                |
| Social Security .....         | 405.2                              | 4.5         | -0.1        | -3.6         | 0.8           | 406.0          |
| Other programs .....          | 557.4                              | 14.4        | -7.7        | -19.4        | -12.7         | 544.7          |
| Subtotal, mandatory .....     | 962.6                              | 18.9        | -7.8        | -23.0        | -11.8         | 950.8          |
| Net interest .....            | 215.5                              | 0.7         | 7.7         | -0.6         | 7.8           | 223.2          |
| <b>Total outlays .....</b>    | <b>1,774.1</b>                     | <b>27.2</b> | <b>-0.1</b> | <b>-12.4</b> | <b>14.7</b>   | <b>1,788.8</b> |

**Table 17-3. COMPARISON OF THE ACTUAL 2000 SURPLUS WITH THE INITIAL CURRENT SERVICES SURPLUS ESTIMATE**

(In billions of dollars)

|                      | Current Services (Feb. 1999) | Changes      |             |             |               | Actual       |
|----------------------|------------------------------|--------------|-------------|-------------|---------------|--------------|
|                      |                              | Policy       | Economic    | Technical   | Total changes |              |
| Receipts .....       | 1,871.8                      | 4.5          | 87.6        | 61.2        | 153.4         | 2,025.2      |
| Outlays .....        | 1,774.1                      | 27.2         | -0.1        | -12.4       | 14.7          | 1,788.8      |
| <b>Surplus .....</b> | <b>97.7</b>                  | <b>-22.7</b> | <b>87.7</b> | <b>73.6</b> | <b>138.7</b>  | <b>236.4</b> |

Note: Surplus changes are receipts minus outlays.

The net effect of policy changes for receipts and outlays reduced the surplus by \$22.7 billion. Economic conditions that differed from the initial assumptions in February 1999 accounted for an estimated \$87.7 billion increase in the surplus, almost entirely due to higher receipts. Technical factors increased the surplus by an estimated \$73.6 billion. This was due to an increase in receipts of \$61.2 billion and a decrease in outlays of \$12.4 billion.

#### **Comparison of the Actual and Estimated Outlays for Mandatory and Related Programs for 2000**

This section compares the original 2000 outlay estimates for mandatory and related programs under current law in the 2000 Budget (February 1999) with the actual outlays. This section includes net interest outlays and undistributed offsetting receipts. Net interest outlays consist of interest paid on Treasury debt securities, interest received by on and off-budget trust funds, and other interest earnings and payments. Undistributed offsetting receipts include Federal employer contributions to retirement trust funds, rents and royalties on the Outer Continental Shelf, and spectrum auction receipts.

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

Table 17-4 shows the differences between the actual outlays for these programs in 2000 and the amounts originally estimated in the 2000 Budget, based on laws in effect at that time. Actual outlays for mandatory

spending and net interest in 2000 were \$1,174.0 billion, which was \$4.1 billion less than the estimate based on existing law in February 1999.

Actual outlays for mandatory human resources programs were \$967.8 billion, \$30.0 billion less than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical differences.

Outlays for other functions were \$18.4 billion more than originally estimated, largely because of increases of \$21.0 billion for agriculture programs. Undistributed offsetting receipts were \$0.3 billion more than expected.

Outlays for net interest were \$223.2 billion or \$7.8 billion more than the original estimate. This increase was the net impact of changes in interest rates from those initially assumed, lower borrowing requirements due to surpluses in 1999 and 2000, and technical factors.

#### **Reconciliation of Differences with Amounts Published by Treasury for 2000**

Table 17-5 provides a reconciliation of the receipts, outlays, and surplus totals published by the Department of the Treasury in the September 30, 2000, Monthly Treasury Statement and those published in this budget. The Department of the Treasury made technical adjustments to the estimates for the U.S. Government Annual Report, which increased outlays by \$95 million. Additional adjustments made for this budget increased receipts by \$181 million and increased outlays by \$686 million. The major changes were for Federal family education loans, student loan reserve funds, and transactions of the United Mine Workers of America benefit funds.

**Table 17-4. COMPARISON OF ACTUAL AND ESTIMATED OUTLAYS FOR MANDATORY AND RELATED PROGRAMS UNDER CURRENT LAW**

(In billions of dollars)

|  | 2000               |         |        |
|--|--------------------|---------|--------|
|  | Feb. 1999 estimate | Actual  | Change |
| Mandatory outlays:   |                    |         |        |
| Human resources programs:                                  |                    |         |        |
| Education, training, employment, and social services ..... | 14.9               | 10.3    | -4.56  |
| Health:  |                    |         |        |
| Medicaid .....   | 114.8              | 117.9   | 3.1    |
| Other .....  | 7.9                | 6.6     | -1.3   |
| Total, health .....  | 122.8              | 124.5   | 1.8    |
| Medicare .....   | 214.9              | 194.1   | -20.8  |
| Income security:   |                    |         |        |
| Retirement and disability .....                            | 83.8               | 81.6    | -2.2   |
| Unemployment compensation .....                            | 25.6               | 20.7    | -4.9   |
| Food and nutrition assistance .....                        | 31.6               | 28.0    | -3.6   |
| Other .....  | 73.9               | 76.1    | 2.2    |
| Total, income security .....                               | 215.0              | 206.5   | -8.5   |
| Social security .....                                      | 405.2              | 406.0   | 0.8    |
| Veterans benefits and services:                            |                    |         |        |
| Income security for veterans .....                         | 23.3               | 24.9    | 1.6    |
| Other .....  | 1.6                | 1.5     | -0.2   |
| Total, veterans benefits and services .....                | 24.9               | 26.3    | 1.4    |
| Total, mandatory human resources programs .....            | 997.7              | 967.8   | -30.0  |
| Other functions:   |                    |         |        |
| Agriculture .....  | 10.9               | 32.0    | 21.0   |
| Deposit insurance .....                                    | -2.2               | -3.1    | -0.8   |
| Other functions .....                                      | -1.5               | -3.3    | -1.8   |
| Total, other functions .....                               | 7.2                | 25.6    | 18.4   |
| Undistributed offsetting receipts:                         |                    |         |        |
| Employer share, employee retirement .....                  | -37.0              | -37.9   | -0.9   |
| Rents and royalties on the outer continental shelf .....   | -2.8               | -4.6    | -1.8   |
| Other undistributed offsetting receipts .....              | -2.5               | -0.2    | 2.4    |
| Total, undistributed offsetting receipts .....             | -42.3              | -42.6   | -0.3   |
| Total, mandatory .....                                     | 962.6              | 950.8   | -11.8  |
| Net interest:  |                    |         |        |
| Interest on Treasury debt securities (gross) .....         | 346.6              | 362.0   | 15.4   |
| Interest received by trust funds .....                     | -125.0             | -128.9  | -3.9   |
| Other interest .....                                       | -6.2               | -9.9    | -3.7   |
| Total, net interest .....                                  | 215.5              | 223.2   | 7.8    |
| Total, outlays for mandatory and net interest .....        | 1,178.1            | 1,174.0 | -4.1   |

**Table 17-5. RECONCILIATION OF FINAL AMOUNTS FOR 2000**

(In millions of dollars)

|  | Receipts  | Outlays   | Surplus |
|--|-----------|-----------|---------|
| Totals published by Treasury (September 30, 2000, Monthly Treasury Statement) .. | 2,025,038 | 1,788,045 | 236,993 |
| Miscellaneous Treasury adjustments. ....   | -*        | 95        | -95     |
| Adjustments: Totals published by Treasury in U.S. Government Annual Report ..... | 2,025,037 | 1,788,140 | 236,897 |
| Federal family education loans .....   |           | 731       | -731    |
| Student loan reserve funds .....   |           | -139      | 139     |
| United Mine Workers of America benefit funds .....                               | 155       | 155       |         |
| Other .....  | 26        | -61       | 87      |
| Total adjustments, net .....   | 181       | 686       | -505    |
| Totals in the budget .....   | 2,025,218 | 1,788,826 | 236,392 |
| <b>MEMORANDUM:</b>   |           |           |         |
| Total change since September 30, 2000, Monthly Treasury Statement .....          | 180       | 781       | -601    |



## 18. RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

Budget authority is the authority provided by law to incur financial obligations that will result in outlays.<sup>1</sup> Budget authority must be provided in laws, in accordance with Article I, Section 9, of the Constitution: “No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law...” Hence, Federal agencies cannot obligate the Government to make outlays until budget authority has been provided to them by appropriation.

New budget authority for most Federal programs is provided in 13 annually enacted appropriations acts.<sup>2</sup> However, new budget authority for more than half of all outlays is made available through permanent appropriations under existing laws. This consists mainly of 1) budget authority for trust funds, which for most trust funds is automatically appropriated under existing law from the available balance of their receipts and equals the estimated annual obligations of the funds; 2) interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847 and equals interest outlays; and 3) the authority to spend offsetting collections credited to appropriation or fund accounts.

Not all of the new budget authority for 2002 will be obligated or spent in 2002:<sup>3</sup>

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts (limited, in most cases, by the estimated obligations). Any unexpended balances remain available to these trust funds indefinitely in order to finance benefits and for other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though work will take place and outlays will be made over a period extending beyond the year for which the budget authority is enacted.
- Until the 1998 budget, budget authority for large portions of the subsidized housing programs was

equal to the Government’s estimated obligation to pay subsidies under contracts, which extended for periods of up to 40 years. These contracts are now for one year only and the budget authority requirements are therefore now appropriated year-by-year.

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

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, primarily the amount for contingencies that do not occur or reserves that never have to be used. Also, some budget authority results in an exchange of assets for which no corresponding outlays are scored; budget authority backing International Monetary Fund arrangements to resolve international monetary crises is an example.

As shown in the following chart, \$363 billion of the outlays in 2002 (19 percent of the total) will be made from budget authority enacted in previous years. At the same time, \$407 billion of the new budget authority proposed for 2002 (20 percent of the total amount proposed) will not lead to outlays until future years. Although outlays in 2002 are, coincidentally, very nearly equal to budget authority for that year (97.8 percent), this coincidence only occurs because the prior-year authority that will produce 2002 outlays (\$363 billion) nearly equals the new 2002 authority that will not be spent until future years (\$407 billion). Thus, in general, the total budget authority for a particular year is not directly indicative of that year’s outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays.

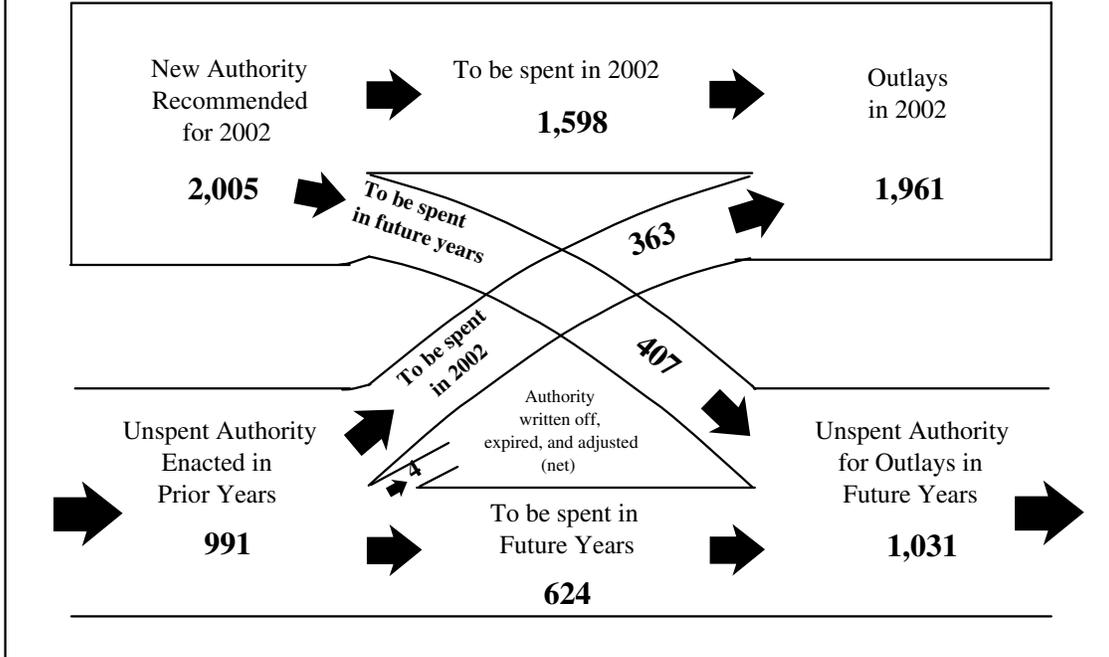
<sup>1</sup>The relationship of budget authority, obligations, and outlays is discussed generally in Chapter 23 of this volume, “Budget System and Concepts and Glossary;” for most individual budget accounts, this relationship is traced in a “program and financing” schedule [table] in the budget Appendix volume.

<sup>2</sup>Some or all of the 13 “regular” appropriation bills have sometimes been consolidated into a few acts or a single act.

<sup>3</sup>This subject is also discussed in a separate OMB report, “Balances of Budget Authority,” which can be purchased from the National Technical Information Service shortly after the budget is transmitted and is made available on the internet, with the other budget documents.

### Chart 18-1. Relationship of Budget Authority to Outlays for 2002

(Dollars in billions)



## 19. OFF-BUDGET FEDERAL ENTITIES AND NON-BUDGETARY ACTIVITIES

The budget does not include some programs of the Federal Government that result in the same kind of spending as budget outlays. Despite their exclusion from the budget, these programs channel economic resources toward particular uses in the same way as budget spending. They are discussed in the following section on off-budget Federal entities.

The budget also does not include some activities that are related to the Federal Government but that are non-budgetary by their inherent nature. In some cases this is because they are not activities of the Government itself, and in other cases this is because the transactions are not costs to the Government. Nevertheless, many of these activities are discussed in the budget documents, and in some cases the amounts involved are presented in conjunction with budget data. They are discussed in the section of this chapter on non-budgetary activities.

### Off-Budget Federal Entities

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

Every year since 1971, however, at least one Federal entity has been off-budget. Off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals by law. When a Federal entity is off-budget, its receipts, outlays, and surplus or deficit are not included in budget receipts, budget outlays, or the budget surplus or deficit; and its budget authority is not included in the totals of budget authority for the budget. The Budget Enforcement Act of 1990 excludes these entities from general enforcement provisions (except for the administrative expenses of Social Security), although it has special enforcement provisions for Social Security.

The off-budget Federal entities conduct programs of the same type as the on-budget entities (i.e., Federal entities included in the budget totals). Most of the tables in the budget documents include the on-budget and off-budget amounts both separately and in combination, or add them together, in order to arrive at the unified budget totals that show Federal outlays and receipts comprehensively.

The off-budget Federal entities currently consist of the two Social Security trust funds, old-age and survivors insurance and disability insurance, and the Postal Service fund. Social Security was removed from the budget in 1985 and the Postal Service fund in 1989. A number of other entities were off-budget at different

times before 1986 but were moved onto the budget by law as of 1986 or earlier.

The following table divides the total Federal Government receipts, outlays, and surplus or deficit between the on-budget and off-budget amounts. The column for the on-budget surplus is labeled "on-budget/contingencies," since for future years the on-budget estimates include a reserve for contingencies as well as estimated receipts and outlays. If future decisions are made to use the contingency reserve for higher spending or lower tax receipts, the future on-budget surplus would be correspondingly reduced.

Within this table Social Security is classified as off-budget for all years, in order to provide consistent comparison over time. The much smaller Postal Service transactions are classified as off-budget starting in 1989. Entities that were off-budget at one time but are now on-budget are classified as on-budget for all years.

In 2002, the off-budget receipts are an estimated 24 percent of total receipts, and the off-budget outlays are an estimated 18 percent of total outlays. The off-budget surplus consists almost entirely of Social Security. Social Security had a deficit in the latter 1970s and early 1980s, but since the middle 1980s it has had a large and growing surplus. This surplus is expected to continue to grow by very large amounts throughout the projection period. The on-budget accounts had deficits for many years until 1999, when they were essentially balanced, and 2000, when they had an \$87 billion surplus. The on-budget accounts (including the contingency reserve) are estimated to have significant surpluses throughout the projection period, though much less than Social Security. The off-budget surplus of \$172 billion in 2002 accounts for three-quarters of the unified budget surplus of \$231 billion, and throughout the projection period the off-budget surplus remains around three-quarters to two-thirds of the unified budget surplus (including the contingency reserve).

### Non-Budgetary Activities

**Federal credit: budgetary and non-budgetary transactions.**—The Federal Credit Reform Act of 1990 refined budget concepts by distinguishing between the costs of credit programs, which are budgetary in nature, and the other transactions of credit programs, which are not. For 1992 and subsequent years, the costs of direct loans and loan guarantees have been calculated as the present value of estimated cash outflows from the Government less the present value of estimated cash inflows to the Government. These costs are equivalent to the outlays of other Federal programs and are included in the budget as outlays of credit program

**TABLE 19-1. COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS <sup>1</sup>**  
(In billions of dollars)

| Fiscal Year         | Receipts |           |            | Outlays |           |            | Surplus or deficit (-) |  |            |
|---------------------|----------|-----------|------------|---------|-----------|------------|------------------------|--|------------|
|                     | Total    | On-budget | Off-budget | Total   | On-budget | Off-budget | Total                  | On-budget/<br>Contingencies <sup>2</sup> | Off-budget |
| 1975 .....          | 279.1    | 216.6     | 62.5       | 332.3   | 271.9     | 60.4       | -53.2                  | -55.3                                    | 2.0        |
| 1976 .....          | 298.1    | 231.7     | 66.4       | 371.8   | 302.2     | 69.6       | -73.7                  | -70.5                                    | -3.2       |
| TQ .....            | 81.2     | 63.2      | 18.0       | 96.0    | 76.6      | 19.4       | -14.7                  | -13.3                                    | -1.4       |
| 1977 .....          | 355.6    | 278.7     | 76.8       | 409.2   | 328.5     | 80.7       | -53.7                  | -49.8                                    | -3.9       |
| 1978 .....          | 399.6    | 314.2     | 85.4       | 458.7   | 369.1     | 89.7       | -59.2                  | -54.9                                    | -4.3       |
| 1979 .....          | 463.3    | 365.3     | 98.0       | 504.0   | 404.1     | 100.0      | -40.7                  | -38.7                                    | -2.0       |
| 1980 .....          | 517.1    | 403.9     | 113.2      | 590.9   | 476.6     | 114.3      | -73.8                  | -72.7                                    | -1.1       |
| 1981 .....          | 599.3    | 469.1     | 130.2      | 678.2   | 543.1     | 135.2      | -79.0                  | -74.0                                    | -5.0       |
| 1982 .....          | 617.8    | 474.3     | 143.5      | 745.8   | 594.4     | 151.4      | -128.0                 | -120.1                                   | -7.9       |
| 1983 .....          | 600.6    | 453.2     | 147.3      | 808.4   | 661.3     | 147.1      | -207.8                 | -208.0                                   | 0.2        |
| 1984 .....          | 666.5    | 500.4     | 166.1      | 851.9   | 686.1     | 165.8      | -185.4                 | -185.7                                   | 0.3        |
| 1985 .....          | 734.1    | 547.9     | 186.2      | 946.4   | 769.6     | 176.8      | -212.3                 | -221.7                                   | 9.4        |
| 1986 .....          | 769.2    | 569.0     | 200.2      | 990.5   | 807.0     | 183.5      | -221.2                 | -238.0                                   | 16.7       |
| 1987 .....          | 854.4    | 641.0     | 213.4      | 1,004.1 | 810.3     | 193.8      | -149.8                 | -169.3                                   | 19.6       |
| 1988 .....          | 909.3    | 667.8     | 241.5      | 1,064.5 | 861.8     | 202.7      | -155.2                 | -194.0                                   | 38.8       |
| 1989 .....          | 991.2    | 727.5     | 263.7      | 1,143.7 | 932.8     | 210.9      | -152.5                 | -205.2                                   | 52.8       |
| 1990 .....          | 1,032.0  | 750.3     | 281.7      | 1,253.2 | 1,028.1   | 225.1      | -221.2                 | -277.8                                   | 56.6       |
| 1991 .....          | 1,055.0  | 761.2     | 293.9      | 1,324.4 | 1,082.7   | 241.7      | -269.4                 | -321.6                                   | 52.2       |
| 1992 .....          | 1,091.3  | 788.9     | 302.4      | 1,381.7 | 1,129.3   | 252.3      | -290.4                 | -340.5                                   | 50.1       |
| 1993 .....          | 1,154.4  | 842.5     | 311.9      | 1,409.5 | 1,142.9   | 266.6      | -255.1                 | -300.5                                   | 45.3       |
| 1994 .....          | 1,258.6  | 923.6     | 335.0      | 1,461.9 | 1,182.5   | 279.4      | -203.3                 | -258.9                                   | 55.7       |
| 1995 .....          | 1,351.8  | 1,000.8   | 351.1      | 1,515.8 | 1,227.2   | 288.7      | -164.0                 | -226.4                                   | 62.4       |
| 1996 .....          | 1,453.1  | 1,085.6   | 367.5      | 1,560.6 | 1,259.7   | 300.9      | -107.5                 | -174.1                                   | 66.6       |
| 1997 .....          | 1,579.3  | 1,187.3   | 392.0      | 1,601.3 | 1,290.7   | 310.6      | -22.0                  | -103.4                                   | 81.4       |
| 1998 .....          | 1,721.8  | 1,306.0   | 415.8      | 1,652.6 | 1,336.0   | 316.6      | 69.2                   | -30.0                                    | 99.2       |
| 1999 .....          | 1,827.5  | 1,383.0   | 444.5      | 1,703.0 | 1,382.3   | 320.8      | 124.4                  | 0.7                                      | 123.7      |
| 2000 .....          | 2,025.2  | 1,544.6   | 480.6      | 1,788.8 | 1,458.1   | 330.8      | 236.4                  | 86.6                                     | 149.8      |
| 2001 estimate ..... | 2,136.9  | 1,633.1   | 503.9      | 1,856.2 | 1,508.5   | 347.7      | 280.7                  | 124.6                                    | 156.1      |
| 2002 estimate ..... | 2,191.7  | 1,660.8   | 530.9      | 1,960.6 | 1,601.4   | 359.2      | 231.2                  | 59.4                                     | 171.8      |
| 2003 estimate ..... | 2,258.2  | 1,697.4   | 560.8      | 2,016.2 | 1,648.7   | 367.6      | 242.0                  | 48.8                                     | 193.2      |
| 2004 estimate ..... | 2,338.8  | 1,748.5   | 590.3      | 2,076.7 | 1,697.0   | 379.7      | 262.1                  | 51.6                                     | 210.5      |
| 2005 estimate ..... | 2,437.8  | 1,808.8   | 629.0      | 2,168.7 | 1,776.4   | 392.4      | 269.0                  | 32.4                                     | 236.6      |
| 2006 estimate ..... | 2,528.7  | 1,870.2   | 658.5      | 2,223.9 | 1,817.8   | 406.1      | 304.8                  | 52.4                                     | 252.4      |
| 2007 estimate ..... | 2,643.3  | 1,950.0   | 693.3      | 2,303.4 | 1,880.5   | 422.9      | 339.9                  | 69.5                                     | 270.4      |
| 2008 estimate ..... | 2,770.6  | 2,044.4   | 726.2      | 2,397.9 | 1,959.2   | 438.7      | 372.7                  | 85.2                                     | 287.5      |
| 2009 estimate ..... | 2,909.9  | 2,148.9   | 761.0      | 2,490.3 | 2,032.2   | 458.1      | 419.6                  | 116.7                                    | 302.9      |
| 2010 estimate ..... | 3,058.4  | 2,254.9   | 803.5      | 2,593.5 | 2,113.2   | 480.3      | 465.0                  | 141.7                                    | 323.3      |
| 2011 estimate ..... | 3,232.6  | 2,386.3   | 846.3      | 2,706.3 | 2,202.7   | 503.7      | 526.2                  | 183.6                                    | 342.6      |

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

<sup>2</sup> The actual amount of annual debt retirement will vary depending on the availability of eligible redeemable debt, and the use, if any, of the contingency reserve.

accounts when the Federal Government makes a direct loan or guarantees a private loan. The complete cash transactions with the public—the disbursement and repayment of loans, the payment of default claims on guarantees, the collection of interest and fees, and so forth—are recorded in separate financing accounts. The transactions of the financing accounts are not costs to the Government except for those costs that are already included in the credit program accounts. Therefore, they are non-budgetary in concept, and the Act excludes them from the budget. <sup>1</sup> Because the financing accounts are non-budgetary in concept, they are not classified as off-budget Federal entities.

The budget outlays of credit programs thus reflect only the cost of Government credit decisions, and they reflect this cost when the Federal credit assistance is provided. This enables the budget to fulfill better its

purpose of being a financial plan for allocating resources among alternative uses: comparing the cost of a program with its benefits, comparing the cost of credit programs with the cost of other spending programs, and comparing the cost of one type of credit assistance with the cost of another type. Because the financing accounts do affect the Government's cash position, they change the amount of the Government's debt repayment or borrowing requirement as explained in chapter 12 of this volume, "Federal Borrowing and Debt." <sup>2</sup>

<sup>2</sup> For more explanation of the budget concepts for direct loans and loan guarantees, see the section on Federal credit in chapter 24 of this volume, "Budget System and Concepts and Glossary." The structure of credit reform is further explained in chapter VIII.A of the *Budget, Fiscal Year 1992*, Part Two, pp. 223–26. The implementation of credit reform through 1995 is reviewed in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1997*, pp. 142–44. Refinements and simplifications enacted by the Balanced Budget Act of 1997 or provided by later OMB guidance are explained briefly in chapter 8, "Underwriting Federal Credit and Insurance," *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1999*, p. 170.

<sup>1</sup> See sec. 505(b).

Credit programs are discussed in chapter 8 of this volume, "Federal Credit and Insurance."

**Premiums and discounts on debt buybacks.**—The Treasury Department is buying back outstanding bonds as part of its efforts to manage the reduction of the publicly held debt. The premiums on debt buybacks are recorded outside the budget totals as a "financing other than the change in debt held by the public." The concept is explained in a section of chapter 24, "Budget System and Concepts and Glossary." Buyback premiums are discussed further in chapter 12 of this volume, "Federal Borrowing and Debt," and their actual or estimated amounts are shown for 2000 and 2001.

**Deposit funds.**—Deposit funds are non-budgetary accounts that record amounts held by the Government temporarily until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State income taxes withheld from Federal employees' salaries and not yet paid to the States). The largest deposit fund is the Thrift Savings Fund, which holds stocks and bonds for Federal employees who participate in the Thrift Savings Plan, a defined contribution retirement plan. Because these assets are the property of the employees and are held by the Government in a fiduciary capacity, the transactions of the fund are not transactions of the Government itself and therefore are non-budgetary in concept. The administrative costs and the transactions of budgetary accounts with the fund are included in the budget.

Beginning in 2000, the Federal budget excludes funds that are owned by Indian tribes and held and managed by the Government in a fiduciary capacity on the tribes' behalf. The transactions of these funds are not transactions of the Government itself and are non-budgetary in concept, like the transactions of the Thrift Savings Fund. Reclassification does not affect the ownership of the fund assets, the legal obligations of the Secretary of the Interior, or the Federal management of the funds as prescribed by law. The change in classification is discussed in chapter 15, "Trust Funds and Federal Funds," in *Analytical Perspectives* for the fiscal year 2000 budget. Deposit funds as such are further discussed in a section of chapter 24 of this volume, "Budget System and Concepts and Glossary."

**Taxation and tax expenditures.**—Taxation provides the Government with income, which is included in the budget as "receipts," and which withdraws purchasing power from the private sector to finance Government expenditure. In addition to this primary effect, taxation has important effects on the allocation of resources among private uses and the distribution of in-

come among individuals. These effects are caused by the composition of the Federal tax system, and by the rates and other structural characteristics of each Federal tax. These last effects of taxation on resource allocation and income distribution are analogous to the effects of outlays, but they are not recorded as outlays nor are they measured by receipts.

Some of these last effects, but not all, arise from revenue losses caused by special exclusions, exemptions, deductions, and similar provisions as identified by comparison of the tax law with a baseline. Revenue losses caused by these special provisions are defined as "tax expenditures" and are discussed in chapter 5 of this volume, "Tax Expenditures." Tax expenditures are also discussed in the individual chapters of Section III of the Budget, "Creating a Better Government," in conjunction with the outlays that serve the same major purposes.

**Government-sponsored enterprises.**—The Federal Government has established a number of Government-sponsored enterprises, such as the Federal National Mortgage Association and the Farm Credit Banks, to provide financial intermediation for specified public purposes. They are excluded from the budget because they are privately owned and controlled. However, primarily because they were established by the Federal Government for public-policy purposes, estimates of their activities are reported in a separate chapter of the budget Appendix, their activities are analyzed in chapter 8 of this volume, "Credit and Insurance," and their lending and borrowing are summarized in tables 8-11 and 8-12 of that chapter.

**Regulation.**—Some types of regulation have economic effects that are similar to budget outlays by requiring the private sector to make expenditures for specified purposes, such as safety and pollution control. The regulatory planning process is described annually in *The Regulatory Plan and the Unified Agenda of Federal Regulatory and Deregulatory Actions*.<sup>3</sup>

In the fall of 1997 the Office of Management and Budget published a report on the costs and benefits of Federal regulation. That report discussed the development of the regulatory system and regulatory analysis, estimated the total annual costs and benefits of Federal regulatory programs, estimated the costs and benefits of recent major rules, and recommended ways to improve regulatory programs. It has been updated twice, the last time in 2000,<sup>4</sup> and it is required by statute to be issued annually starting in 2002.

<sup>3</sup>The most recent publication was issued by the Regulatory Information Service Center in October 2000 and printed in the *Federal Register* of November 30, 2000.

<sup>4</sup>Office of Information and Regulatory Affairs, Office of Management and Budget, *Report to Congress on the Costs and Benefits of Federal Regulation* (2000).



## 20. OUTLAYS TO THE PUBLIC, NET AND GROSS

Table 20–1 shows net and gross outlays, and the relationship between them, for all major agencies. Outlays are the measure of Government spending. The budget records outlays when the Government makes payment for such things as Federal employee salaries, the purchase of supplies and equipment, grants to state and local governments, and benefits to individuals. The Government's gross outlays are the sum of all these payments.

The outlay totals in the budget, however whether for the Government as a whole or for agencies, programs, and functions (such as national defense) are net outlays, unless otherwise specified. Gross outlays, as the table shows, are the net outlays plus offsetting collections and receipts from the public. These constitute the income the Government receives from its business-like enterprises and other market activities with the public, such as the proceeds from selling postage stamps, the fees charged for admittance to recreational areas, and the proceeds from selling land or natural resources. The budget refers to them as “offsetting,” because they are subtracted from gross outlays rather than added to taxes and other receipts resulting from governmental activities. The budget focuses on net outlay totals in order to show outlays and receipts that

measure governmental activity rather than a combination of governmental and market activity. As a result, the budget totals represent the amount of resources allocated and distributed by political decision making rather than by private choice and the market mechanism. The surplus is calculated by subtracting total outlays from total receipts. It would be the same if offsetting collections and receipts were included in total receipts and subtracted from gross outlays. This would hold true if outlays exceeded receipts, resulting in a deficit.

The table shows that offsetting receipts and collections are relatively much more important for some agencies than others. The outlays for the Federal Deposit Insurance Corporation are negative amounts, because its collections, mostly insurance premiums, currently exceed its payments. The amounts for “Allowances” cover certain transactions that are expected to increase or decrease outlays but are not, for various reasons, attributed to any specific agency. The amounts labeled “undistributed offsetting receipts” are deducted from the Government-wide outlay totals but not from any specific agency. Chapter 4, “User Fees and Other Collections,” in this volume discusses offsetting collections and receipts in more detail.

**Table 20-1. TOTAL OUTLAYS, NET AND GROSS OF OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, BY AGENCY, 2000-2002**

(In millions of dollars)

| (Department or Other Unit)                          | 2000             |   |  | 2001             |   |  | 2002             |   |  |
|---|------------------|---|--|------------------|---|--|------------------|---|--|
|   | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public | Net Outlays      | Offsetting Collections and Receipts from the Public | Outlays Gross of Collections from the Public |
| Legislative Branch .....                            | 2,911            | 85  | 2,996  | 3,086            | 89  | 3,175  | 3,268            | 93  | 3,361  |
| Judicial Branch .....                               | 4,086            | 52  | 4,138  | 4,300            | 51  | 4,351  | 4,856            | 53  | 4,909  |
| <b>Executive Branch</b>                             |                  |   |  |                  |   |  |                  |   |  |
| Agriculture .....                                   | 75,663           | 19,415  | 95,078                                       | 69,599           | 20,115  | 89,714                                       | 63,250           | 18,787  | 82,037                                       |
| Commerce .....                                      | 7,807            | 1,210   | 9,017  | 5,549            | 1,364   | 6,913  | 5,182            | 1,522   | 6,704  |
| Defense-Military .....                              | 281,223          | 12,144  | 293,367                                      | 283,915          | 10,953  | 294,868                                      | 303,449          | 10,707  | 314,156                                      |
| Education .....                                     | 33,900           | 2,606   | 36,506                                       | 36,652           | 1,421   | 38,073                                       | 45,230           | 1,240   | 46,470                                       |
| Energy .....  | 15,010           | 5,479   | 20,489                                       | 16,739           | 5,692   | 22,431                                       | 17,245           | 6,244   | 23,489                                       |
| Health and Human Services .....                     | 382,626          | 23,962  | 406,588                                      | 430,466          | 25,616  | 456,082                                      | 468,787          | 29,247  | 498,034                                      |
| Housing and Urban Development .....                 | 30,828           | 2,967   | 33,795                                       | 37,299           | 3,370   | 40,669                                       | 34,791           | 2,799   | 37,590                                       |
| Interior .....                                      | 8,029            | 2,847   | 10,876                                       | 8,687            | 3,870   | 12,557                                       | 9,275            | 3,532   | 12,807                                       |
| Justice .....                                       | 19,554           | 2,049   | 21,603                                       | 20,689           | 2,886   | 23,575                                       | 22,527           | 3,045   | 25,572                                       |
| Labor .....   | 31,355           | 2,280   | 33,635                                       | 38,220           | 2,351   | 40,571                                       | 42,042           | 2,613   | 44,655                                       |
| State .....   | 6,850            | 590   | 7,440  | 9,302            | 568   | 9,870  | 9,700            | 577   | 10,277                                       |
| Transportation .....                                | 45,964           | 488   | 46,452                                       | 50,611           | 413   | 51,024                                       | 54,861           | 473   | 55,334                                       |
| Treasury .....                                      | 391,246          | 18,112  | 409,358                                      | 388,549          | 18,517  | 407,066                                      | 381,539          | 19,284  | 400,823                                      |
| Veteran Affairs .....                               | 47,087           | 3,746   | 50,833                                       | 45,235           | 4,324   | 49,559                                       | 51,480           | 3,146   | 54,626                                       |
| Corps of Engineers .....                            | 4,333            | 387   | 4,720  | 4,571            | 341   | 4,912  | 4,351            | 396   | 4,747  |
| Other Defense-Civil Programs .....                  | 32,864           | 17  | 32,881                                       | 34,400           | 17  | 34,417                                       | 35,402           | 17  | 35,419                                       |
| Environmental Protection Agency .....               | 7,238            | 263   | 7,501  | 7,495            | 232   | 7,727  | 7,596            | 246   | 7,842  |
| Executive Office of the President .....             | 283              | 4   | 287  | 289              | 3   | 292  | 309              | 3   | 312  |
| Federal Emergency Management Agency .....           | 3,142            | 1,499   | 4,641  | 3,145            | 1,577   | 4,722  | 3,216            | 1,655   | 4,871  |
| General Services Administration .....               | 28               | 297   | 325  | 603              | 287   | 890  | -223             | 589   | 366  |
| International Assistance Programs .....             | 12,093           | 13,228  | 25,321                                       | 11,351           | 13,247  | 24,598                                       | 12,058           | 12,835  | 24,893                                       |
| National Aeronautics and Space Administration ..... | 13,442           | 846   | 14,288                                       | 13,777           | 839   | 14,616                                       | 14,248           | 881   | 15,129                                       |
| National Science Foundation .....                   | 3,487            | .....   | 3,487  | 3,967            | .....   | 3,967  | 4,359            | .....   | 4,359  |
| Office of Personnel Management .....                | 48,660           | 6,764   | 55,424                                       | 50,978           | 7,336   | 58,314                                       | 53,351           | 8,031   | 61,382                                       |
| Small Business Administration .....                 | -421             | 1,298   | 877  | -971             | 2,683   | 1,712  | 687              | 458   | 1,145  |
| Social Security Administration .....                | 441,811          | 5,110   | 446,921                                      | 463,006          | 5,345   | 468,351                                      | 488,182          | 5,624   | 493,806                                      |
| Export-Import Bank of the United States .....       | -743             | 3,219   | 2,476  | -1,844           | 3,463   | 1,619  | 358              | 384   | 742  |
| Federal Deposit Insurance Corporation .....         | -2,837           | 3,459   | 622  | -718             | 2,310   | 1,592  | -244             | 2,361   | 2,117  |
| Postal Service .....                                | 2,129            | 63,529  | 65,658                                       | 2,689            | 65,498  | 68,187                                       | 3,205            | 67,218  | 70,423                                       |
| Railroad Retirement Board .....                     | 4,992            | 24  | 5,016  | 5,679            | 26  | 5,705  | 5,184            | 26  | 5,210  |
| Other Independent Agencies .....                    | 7,028            | 10,012  | 17,040                                       | -873             | 9,674   | 8,801  | 10,497           | 10,173  | 20,670                                       |
| Allowances .....                                    | .....            | .....   | .....  | .....            | .....   | .....  | 2,351            | .....   | 2,351  |
| Undistributed Offsetting Receipts .....             | -172,842         | 6,082   | -166,760                                     | -190,204         | 8,503   | -181,701                                     | -201,805         | 7,844   | -193,961                                     |
| <b>Total .....</b>                                  | <b>1,788,826</b> | <b>214,070</b>                                      | <b>2,002,896</b>                             | <b>1,856,238</b> | <b>222,981</b>                                      | <b>2,079,219</b>                             | <b>1,960,564</b> | <b>222,103</b>                                      | <b>2,182,667</b>                             |

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**FY 2001 GOVERNMENT-WIDE RESCISSION,  
CONSOLIDATED APPROPRIATIONS ACT**

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## 21. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT

The FY 2001 Consolidated Appropriations Act rescinded 0.22 percent of discretionary budget authority and obligation limitations provided for FY 2001. The rescission applied to each department, agency, instrumentality, and entity of the Federal Government, with the following exceptions and conditions:

- The rescission did not apply to Department of Defense amounts appropriated for military personnel.
- The rescission did not apply to amounts appropriated under the FY 2000 Emergency Supplemental Act.

- The rescission did not apply to amounts appropriated under the Departments of Labor, Health, and Human Services, and Education, and Related Agencies Appropriations Act, 2001.
- The 0.22 percent reduction must be applied equally to each program, project, and activity subject to the rescission.
- OMB was to report to the Congress in the FY 2002 Budget on the reduction made to each account.

This chapter fulfills the act's reporting requirement. Table 21-1 displays the accounts and the amount of the rescission for each account.

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT**  
(FY 2001 dollars, in thousands)

| Account  | Rescission |
|--|------------|
| <b>Legislative Branch</b>  |            |
| Senate   |            |
| 001-05-00-0130 Senators' official personnel and office expense account .....               | -1,274     |
| House of Representatives   |            |
| 001-10-00-0400 Salaries and expenses .....   | -1,694     |
| Joint Items  |            |
| 001-11-00-0425 Office of the Attending Physician .....                                     | -4         |
| 001-11-00-0460 Joint Committee on Taxation .....   | -13        |
| 001-11-00-0461 Security enhancements .....   | -4         |
| 001-11-00-0474 Salaries, Capitol Police .....  | -103       |
| 001-11-00-0476 General expenses, Capitol Police .....                                      | -15        |
| Office of Compliance   |            |
| 001-12-09-1600 Salaries and expenses .....   | -4         |
| Congressional Budget Office  |            |
| 001-14-08-0100 Salaries and expenses .....   | -62        |
| Architect of the Capitol   |            |
| 001-15-01-0105 Capitol buildings, salaries and expenses .....                              | -99        |
| 001-15-01-0108 Capitol grounds .....   | -11        |
| 001-15-01-0123 Senate office buildings .....   | -141       |
| 001-15-01-0127 House office buildings .....  | -92        |
| 001-15-01-0133 Capitol power plant .....   | -86        |
| 001-15-01-0155 Library buildings and grounds, structural and mechanical care .....         | -35        |
| Botanic Garden   |            |
| 001-18-09-0200 Salaries and expenses .....   | -7         |
| Library of Congress  |            |
| 001-25-03-0101 Salaries and expenses, Library of Congress .....                            | -827       |
| 001-25-03-0102 Copyright Office: Salaries and expenses .....                               | -20        |
| 001-25-03-0127 Congressional Research Service: Salaries and expenses .....                 | -163       |
| 001-25-03-0141 Books for the blind and physically handicapped: Salaries and expenses ..... | -108       |
| 001-25-03-0146 Furniture and furnishings .....   | -11        |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| Government Printing Office  |                 |
| 001–30–04–0201 Office of Superintendent of Documents: Salaries and expenses ..... | –62             |
| 001–30–04–0203 Congressional printing and binding .....                           | –156            |
| General Accounting Office   |                 |
| 001–35–05–0107 Salaries and expenses .....  | –847            |
| United States Tax Court   |                 |
| 001–40–23–0100 Salaries and expenses .....  | –81             |
| Legislative Branch Boards and Commissions   |                 |
| 001–45–09–9911 Other legislative branch boards and commissions .....              | –9              |
| 001–45–48–2050 Census Monitoring Board .....                                      | –9              |
| 001–45–48–2975 United States Commission on International Religious Freedom .....  | –4              |
| Total, Legislative Branch .....   | –5,941          |
| <b>Judicial Branch</b>  |                 |
| Supreme Court of the United States  |                 |
| 002–05–10–0100 Salaries and expenses .....  | –79             |
| 002–05–10–0103 Care of the building and grounds .....                             | –18             |
| United States Court of Appeals for the Federal Circuit                            |                 |
| 002–07–10–0510 Salaries and expenses .....  | –35             |
| United States Court of International Trade  |                 |
| 002–15–10–0400 Salaries and expenses .....  | –22             |
| Courts of Appeals, District Courts, and other Judicial Services                   |                 |
| 002–25–10–0920 Salaries and expenses .....  | –6,890          |
| 002–25–10–0923 Defender services .....  | –957            |
| 002–25–10–0925 Fees of jurors and commissioners .....                             | –119            |
| 002–25–10–0930 Court security .....   | –451            |
| Administrative Office of the United States Courts                                 |                 |
| 002–26–10–0927 Salaries and expenses .....  | –128            |
| Federal Judicial Center   |                 |
| 002–30–10–0928 Salaries and expenses .....  | –42             |
| United States Sentencing Commission   |                 |
| 002–39–10–0938 Salaries and expenses .....  | –22             |
| Total, Judicial Branch .....  | –8,763          |
| <b>Department of Agriculture</b>  |                 |
| Office of the Secretary   |                 |
| 005–03–12–9913 Office of the Secretary .....                                      | –20             |
| Executive Operations  |                 |
| 005–04–12–0013 Office of the Chief Information Officer .....                      | –22             |
| 005–04–12–0014 Chief Financial Officer .....                                      | –11             |
| 005–04–12–0113 Common computing environment .....                                 | –132            |
| 005–04–12–0705 Executive operations .....   | –59             |
| Departmental Administration   |                 |
| 005–05–12–0117 Agriculture buildings and facilities and rental payments .....     | –402            |
| 005–05–12–0120 Departmental administration .....                                  | –79             |
| 005–05–12–0500 Hazardous materials management .....                               | –35             |
| 005–05–12–0601 Outreach for socially disadvantaged farmers .....                  | –7              |
| Office of Communications  |                 |
| 005–06–12–0150 Office of Communications .....                                     | –20             |
| Office of the Inspector General   |                 |
| 005–08–12–0900 Office of the Inspector General .....                              | –152            |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| Office of the General Counsel   |                 |
| 005–10–12–2300 Office of the General Counsel .....                                      | –68             |
| Economic Research Service   |                 |
| 005–13–12–1701 Economic Research Service .....  | –147            |
| National Agricultural Statistics Service  |                 |
| 005–15–12–1801 National Agricultural Statistics Service .....                           | –222            |
| Agricultural Research Service   |                 |
| 005–18–12–1400 Salaries and expenses .....  | –1,977          |
| 005–18–12–1401 Buildings and facilities .....   | –163            |
| Cooperative State Research, Education, and Extension Service                            |                 |
| 005–20–12–0502 Extension activities .....   | –954            |
| 005–20–12–1500 Research and education activities .....                                  | –1,114          |
| 005–20–12–1502 Integrated activities .....  | –92             |
| Animal and Plant Health Inspection Service  |                 |
| 005–32–12–1600 Salaries and expenses .....  | –1,887          |
| 005–32–12–1601 Buildings and facilities .....   | –22             |
| Food Safety and Inspection Service  |                 |
| 005–35–12–3700 Salaries and expenses .....  | –1,533          |
| Grain Inspection, Packers and Stockyards Administration                                 |                 |
| 005–37–12–2400 Salaries and expenses .....  | –70             |
| Agricultural Marketing Service  |                 |
| 005–45–12–2500 Marketing services .....   | –144            |
| 005–45–12–2501 Payments to States and possessions .....                                 | –3              |
| Risk Management Agency  |                 |
| 005–47–12–2707 Administrative and operating expenses .....                              | –145            |
| Farm Service Agency   |                 |
| 005–49–12–0170 State mediation grants .....   | –7              |
| 005–49–12–0600 Salaries and expenses .....  | –1,932          |
| 005–49–12–1140 Agricultural credit insurance fund program account .....                 | –858            |
| 005–49–12–1336 Commodity Credit Corporation export loans program account .....          | –9              |
| 005–49–12–3316 Emergency conservation program .....                                     | –176            |
| Natural Resources Conservation Service  |                 |
| 005–53–12–1000 Conservation operations .....  | –1,571          |
| 005–53–12–1010 Resource conservation and development .....                              | –92             |
| 005–53–12–1066 Watershed surveys and planning .....                                     | –24             |
| 005–53–12–1072 Watershed and flood prevention operations .....                          | –460            |
| 005–53–12–3336 Forestry incentives program .....  | –13             |
| Rural Development   |                 |
| 005–55–12–0400 Rural community advancement program .....                                | –2,140          |
| 005–55–12–0403 Salaries and expenses .....  | –286            |
| Rural Utilities Service   |                 |
| 005–60–12–1230 Rural electrification and telecommunications loans program account ..... | –165            |
| 005–60–12–1231 Rural telephone bank program account .....                               | –13             |
| 005–60–12–1232 Distance learning and telemedicine program .....                         | –59             |
| Rural Housing Service   |                 |
| 005–63–12–0137 Rental assistance program .....  | –1,496          |
| 005–63–12–1953 Rural housing assistance grants .....                                    | –97             |
| 005–63–12–1954 Farm labor program account .....   | –66             |
| 005–63–12–2006 Mutual and self-help housing grants .....                                | –75             |
| 005–63–12–2081 Rural housing insurance fund program account .....                       | –1,461          |
| Rural Business—Cooperative Service  |                 |
| 005–65–12–0402 Rural empowerment zones and enterprise community grants .....            | –33             |
| 005–65–12–1900 Rural cooperative development grants .....                               | –37             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| 005–65–12–2069 Rural development loan fund program account .....                                  | –51             |
| 005–65–12–3108 Rural economic development loans program account .....                             | –9              |
| Foreign Agricultural Service  |                 |
| 005–68–12–2271 Public Law 480 title I ocean freight differential grants .....                     | –44             |
| 005–68–12–2277 P.L. 480 program account .....   | –255            |
| 005–68–12–2278 P.L. 480 grants—titles II and III .....  | –1,841          |
| 005–68–12–2900 Salaries and expenses .....  | –253            |
| Food and Nutrition Service  |                 |
| 005–84–12–3503 Food donations programs .....  | –332            |
| 005–84–12–3505 Food stamp program .....   | –37             |
| 005–84–12–3507 Commodity assistance program .....   | –308            |
| 005–84–12–3508 Food program administration .....  | –262            |
| 005–84–12–3510 Special supplemental nutrition program for women, infants, and children (WIC) .... | –8,914          |
| 005–84–12–3539 Child nutrition programs .....   | –31             |
| Forest Service  |                 |
| 005–96–12–1103 Capital improvement and maintenance .....  | –1,144          |
| 005–96–12–1104 Forest and rangeland research .....  | –506            |
| 005–96–12–1105 State and private forestry .....   | –911            |
| 005–96–12–1106 National forest system .....   | –2,889          |
| 005–96–12–1108 Southeast Alaska economic disaster fund .....                                      | –11             |
| 005–96–12–1115 Wildland fire management .....   | –3,885          |
| 005–96–12–1119 Management of national forest lands for subsistence uses .....                     | –13             |
| 005–96–12–5207 Range betterment fund .....  | –7              |
| 005–96–12–9921 Forest Service permanent appropriations .....                                      | –2              |
| 005–96–12–9923 Land acquisition accounts .....  | –334            |
| Total, Department of Agriculture .....  | –42,589         |
| <b>Department of Commerce</b>   |                 |
| Departmental Management   |                 |
| 006–05–13–0120 Salaries and expenses .....  | –79             |
| 006–05–13–0126 Office of the Inspector General .....  | –44             |
| Economic Development Administration   |                 |
| 006–06–13–0125 Salaries and expenses .....  | –62             |
| 006–06–13–2050 Economic development assistance programs .....                                     | –928            |
| Bureau of the Census  |                 |
| 006–07–13–0401 Salaries and expenses .....  | –346            |
| 006–07–13–0450 Periodic censuses and programs .....   | –600            |
| Economic and Statistical Analysis   |                 |
| 006–08–13–1500 Salaries and expenses .....  | –119            |
| International Trade Administration  |                 |
| 006–25–13–1250 Operations and administration .....  | –736            |
| Export Administration   |                 |
| 006–30–13–0300 Operations and administration .....  | –143            |
| Minority Business Development Agency  |                 |
| 006–40–13–0201 Minority business development .....  | –60             |
| National Oceanic and Atmospheric Administration   |                 |
| 006–48–13–1450 Operations, research, and facilities .....   | –4,804          |
| 006–48–13–1451 Pacific coastal salmon recovery .....  | –242            |
| 006–48–13–1456 Fisheries finance program account .....  | –1              |
| 006–48–13–1460 Procurement, acquisition and construction .....                                    | –1,653          |
| 006–48–13–1462 Coastal impact assistance .....  | –330            |
| 006–48–13–4313 Coastal zone management fund .....   | –7              |
| 006–48–13–5120 Fishermen's contingency fund .....   | –2              |
| Technology Administration   |                 |
| 006–53–13–1100 Salaries and expenses .....  | –18             |

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| National Institute of Standards and Technology                                       |                 |
| 006-55-13-0500 Scientific and technical research and services .....                  | -688            |
| 006-55-13-0515 Construction of research facilities .....                             | -77             |
| 006-55-13-0525 Industrial technology services .....                                  | -552            |
| National Telecommunications and Information Administration                           |                 |
| 006-60-13-0550 Salaries and expenses .....   | -25             |
| 006-60-13-0551 Public telecommunications facilities, planning and construction ..... | -96             |
| 006-60-13-0552 Information infrastructure grants .....                               | -100            |
| Total, Department of Commerce .....  | -11,712         |
| <b>Department of Defense—Military</b>  |                 |
| Operation and Maintenance  |                 |
| 007-10-17-1106 Operation and maintenance, Marine Corps .....                         | -6,101          |
| 007-10-17-1107 Operation and maintenance, Marine Corps Reserve .....                 | -320            |
| 007-10-17-1804 Operation and maintenance, Navy .....                                 | -51,234         |
| 007-10-17-1806 Operation and maintenance, Navy Reserve .....                         | -2,084          |
| 007-10-21-2020 Operation and maintenance, Army .....                                 | -41,298         |
| 007-10-21-2065 Operation and maintenance, Army National Guard .....                  | -7,311          |
| 007-10-21-2080 Operation and maintenance, Army Reserve .....                         | -3,437          |
| 007-10-57-3400 Operation and maintenance, Air Force .....                            | -48,059         |
| 007-10-57-3740 Operation and maintenance, Air Force Reserve .....                    | -4,091          |
| 007-10-57-3840 Operation and maintenance, Air National Guard .....                   | -7,456          |
| 007-10-97-0100 Operation and maintenance, Defense-wide .....                         | -26,518         |
| 007-10-97-0104 United States Courts of Appeals for the Armed Forces .....            | -19             |
| 007-10-97-0105 Drug interdiction and counter-drug activities .....                   | -1,912          |
| 007-10-97-0107 Office of the Inspector General .....                                 | -324            |
| 007-10-97-0118 Overseas contingency operations transfer account .....                | -6,465          |
| 007-10-97-0130 Defense health program .....  | -26,615         |
| 007-10-97-0134 Former Soviet Union threat reduction account .....                    | -975            |
| 007-10-97-0810 The Department of Defense environmental restoration accounts .....    | -2,889          |
| 007-10-97-0819 Overseas humanitarian, disaster and civic aid .....                   | -123            |
| 007-10-97-0839 Quality of life enhancements .....                                    | -353            |
| 007-10-97-0842 Defense vessel transfer program account .....                         | -9              |
| 007-10-97-5193 Overseas military facility investment recovery .....                  | -7              |
| 007-10-97-9922 Miscellaneous special funds .....                                     | -172            |
| Procurement  |                 |
| 007-15-17-1109 Procurement, Marine Corps .....                                       | -2,686          |
| 007-15-17-1506 Aircraft procurement, Navy .....                                      | -18,452         |
| 007-15-17-1507 Weapons procurement, Navy .....                                       | -3,185          |
| 007-15-17-1508 Procurement of ammunition, Navy and Marine Corps .....                | -1,085          |
| 007-15-17-1611 Shipbuilding and conversion, Navy .....                               | -25,330         |
| 007-15-17-1810 Other procurement, Navy .....   | -7,745          |
| 007-15-21-0390 Chemical agents and munitions destruction, Army .....                 | -2,154          |
| 007-15-21-2031 Aircraft procurement, Army .....                                      | -3,418          |
| 007-15-21-2032 Missile procurement, Army .....                                       | -2,872          |
| 007-15-21-2033 Procurement of weapons and tracked combat vehicles, Army .....        | -5,335          |
| 007-15-21-2034 Procurement of ammunition, Army .....                                 | -2,655          |
| 007-15-21-2035 Other procurement, Army .....   | -9,718          |
| 007-15-57-3010 Aircraft procurement, Air Force .....                                 | -22,665         |
| 007-15-57-3011 Procurement of ammunition, Air Force .....                            | -1,412          |
| 007-15-57-3020 Missile procurement, Air Force .....                                  | -6,164          |
| 007-15-57-3080 Other procurement, Air Force .....                                    | -16,855         |
| 007-15-97-0300 Procurement, Defense-wide .....                                       | -5,129          |
| 007-15-97-0350 National guard and reserve equipment .....                            | -218            |
| 007-15-97-0360 Defense production act purchases .....                                | -7              |
| Research, Development, Test, and Evaluation  |                 |
| 007-20-17-1319 Research, development, test, and evaluation, Navy .....               | -20,663         |
| 007-20-21-2040 Research, development, test, and evaluation, Army .....               | -13,762         |
| 007-20-57-3600 Research, development, test, and evaluation, Air Force .....          | -30,705         |
| 007-20-97-0400 Research, development, test, and evaluation, Defense-wide .....       | -24,268         |
| 007-20-97-0460 Operational test and evaluation .....                                 | -496            |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| <b>Military Construction</b>   |                 |
| 007–25–17–1205 Military construction, Navy .....   | –2,042          |
| 007–25–17–1235 Military construction, Naval Reserve .....  | –134            |
| 007–25–21–2050 Military construction, Army .....   | –2,060          |
| 007–25–21–2085 Military construction, Army National Guard .....  | –630            |
| 007–25–21–2086 Military construction, Army Reserve .....   | –239            |
| 007–25–57–3300 Military construction, Air Force .....  | –1,941          |
| 007–25–57–3730 Military construction, Air Force Reserve .....  | –81             |
| 007–25–57–3830 Military construction, Air National Guard .....   | –448            |
| 007–25–97–0103 Base realignment and closure account .....  | –2,245          |
| 007–25–97–0500 Military construction, Defense-wide .....   | –1,792          |
| 007–25–97–0804 North Atlantic Treaty Organization security investment program .....                                  | –378            |
| <b>Family Housing</b>  |                 |
| 007–30–17–0703 Family housing, Navy and Marine Corps .....   | –2,829          |
| 007–30–21–0702 Family housing, Army .....  | –2,589          |
| 007–30–57–0704 Family housing, Air Force .....   | –2,360          |
| 007–30–97–0706 Family housing, Defense-wide .....  | –99             |
| 007–30–97–0834 Family housing improvement fund .....   | –55             |
| 007–30–97–4090 Homeowners assistance fund .....  | –9              |
| <b>Revolving and Management Funds</b>  |                 |
| 007–40–17–4557 National defense sealift fund .....   | –881            |
| 007–40–97–493004 Working capital fund, Defense Commissary Agency .....   | –2,016          |
| <b>Trust Funds</b>   |                 |
| 007–55–97–8168 National security education trust fund .....  | –15             |
| Total, Department of Defense—Military .....  | –487,594        |
| <b>Department of Energy</b>  |                 |
| <b>National Nuclear Security Administration</b>  |                 |
| 019–05–89–0240 Weapons activities .....  | –11,033         |
| 019–05–89–0309 Defense nuclear nonproliferation .....  | –1,923          |
| 019–05–89–0312 Cerro Grande Fire Activities .....  | –447            |
| 019–05–89–0313 Office of the Administrator .....   | –22             |
| 019–05–89–0314 Naval Reactors .....  | –1,518          |
| <b>Environmental and Other Defense Activities</b>  |                 |
| 019–10–89–0242 Defense environmental restoration and waste management .....  | –10,943         |
| 019–10–89–0243 Other defense activities .....  | –1,289          |
| 019–10–89–0244 Defense nuclear waste disposal .....  | –275            |
| 019–10–89–0251 Defense facilities closure projects .....   | –2,383          |
| <b>Energy Programs</b>   |                 |
| 019–20–89–0213 Fossil energy research and development .....  | –985            |
| 019–20–89–0215 Energy conservation .....   | –1,797          |
| 019–20–89–0216 Energy information administration .....   | –167            |
| 019–20–89–0217 Economic regulation .....   | –4              |
| 019–20–89–0218 Strategic petroleum reserve .....   | –363            |
| 019–20–89–0219 Naval petroleum and oil shale reserves .....  | –4              |
| 019–20–89–0222 Science .....   | –7,011          |
| 019–20–89–0224 Energy supply .....   | –1,456          |
| 019–20–89–0235 Clean coal technology .....   | –229            |
| 019–20–89–0250 Non-defense environmental management .....  | –612            |
| 019–20–89–0315 Uranium Facilities Maintenance and Remediation .....  | –865            |
| 019–20–89–5227 Nuclear waste disposal .....  | –420            |
| 019–20–89–5428 Elk Hills school lands fund .....   | –79             |
| <b>Power Marketing Administration</b>  |                 |
| 019–50–89–0302 Operation and maintenance, Southeastern Power Administration .....                                    | –9              |
| 019–50–89–0303 Operation and maintenance, Southwestern Power Administration .....                                    | –62             |
| 019–50–89–5068 Construction, rehabilitation, operation and maintenance, Western Area Power Ad-<br>ministration ..... | –365            |
| 019–50–89–5178 Falcon and Amistad operating and maintenance fund .....   | –7              |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| <b>Departmental Administration</b>   |                 |
| 019–60–89–0228 Departmental administration .....   | –165            |
| 019–60–89–0236 Office of the Inspector General .....   | –70             |
| Total, Department of Energy .....  | –44,503         |
| <b>Department of Health and Human Services</b>   |                 |
| <b>Food and Drug Administration</b>  |                 |
| 009–10–75–9911 Salaries and expenses .....   | –2,471          |
| <b>Health Resources and Services Administration</b>  |                 |
| 009–15–20–8175 Vaccine injury compensation program trust fund .....                          | –15             |
| 009–15–75–0350 Health resources and services .....   | –55             |
| <b>Indian Health Services</b>  |                 |
| 009–17–75–0390 Indian Health Services .....  | –4,996          |
| 009–17–75–0391 Indian health facilities .....  | –801            |
| <b>Centers for Disease Control and Prevention</b>  |                 |
| 009–20–75–8252 Salaries and expenses, Agency for Toxic Substance and Disease Registry .....  | –165            |
| <b>National Institutes of Health</b>   |                 |
| 009–25–75–9915 National Institutes of Health .....   | –139            |
| Total, Department of Health and Human Services .....   | –8,642          |
| <b>Department of Housing and Urban Development</b>   |                 |
| <b>Public and Indian Housing Programs</b>  |                 |
| 025–03–86–0163 Public housing operating fund .....   | –7,132          |
| 025–03–86–0197 Drug elimination grants for low-income housing .....                          | –682            |
| 025–03–86–0218 Revitalization of severely distressed public housing (HOPE VI) .....          | –1,265          |
| 025–03–86–0223 Indian housing loan guarantee fund program account .....                      | –13             |
| 025–03–86–0304 Public housing capital fund .....   | –6,600          |
| 025–03–86–0313 Native American housing block grant .....                                     | –1,430          |
| 025–03–86–0319 Housing certificate fund .....  | –26,638         |
| <b>Community Planning and Development</b>  |                 |
| 025–06–86–0162 Community development block grants .....                                      | –11,273         |
| 025–06–86–0192 Homeless assistance grants .....  | –2,255          |
| 025–06–86–0198 Community development loan guarantees program account .....                   | –66             |
| 025–06–86–0205 Home investment partnership program .....                                     | –3,960          |
| 025–06–86–0232 Shelter Plus Care Renewals .....  | –220            |
| 025–06–86–0308 Housing opportunities for persons with AIDS .....                             | –568            |
| 025–06–86–0314 Brownfields redevelopment .....   | –55             |
| 025–06–86–0315 Empowerment zones/enterprise communities .....                                | –407            |
| 025–06–86–0324 Rural housing and economic development .....                                  | –55             |
| <b>Housing Programs</b>  |                 |
| 025–09–86–0183 FHA-mutual mortgage insurance program account .....                           | –1,080          |
| 025–09–86–0200 FHA-general and special risk program account .....                            | –1,091          |
| 025–09–86–0320 Housing for special populations .....   | –2,191          |
| <b>Government National Mortgage Association</b>  |                 |
| 025–12–86–0186 Guarantees of mortgage-backed securities loan guarantee program account ..... | –20             |
| <b>Policy Development and Research</b>   |                 |
| 025–28–86–0108 Research and technology .....   | –119            |
| <b>Fair Housing and Equal Opportunity</b>  |                 |
| 025–29–86–0144 Fair housing activities .....   | –101            |
| <b>Office of Lead Hazard Control and Healthy Homes</b>                                       |                 |
| 025–32–86–0174 Lead hazard reduction .....   | –220            |
| <b>Management and Administration</b>   |                 |
| 025–35–86–0143 Salaries and expenses .....   | –1,195          |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED  
APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| 025–35–86–0189 Office of Inspector General .....   | –117            |
| Total, Department of Housing and Urban Development .....   | –68,753         |
| <b>Department of the Interior</b>  |                 |
| Bureau of Land Management  |                 |
| 010–04–14–1109 Management of lands and resources .....   | –1,661          |
| 010–04–14–1110 Construction .....  | –37             |
| 010–04–14–1114 Payments in lieu of taxes .....   | –440            |
| 010–04–14–1116 Oregon and California grant lands .....   | –229            |
| 010–04–14–1121 Central hazardous materials fund .....  | –22             |
| 010–04–14–1125 Wildland fire management .....  | –2,154          |
| 010–04–14–5017 Service charges, deposits, and forfeitures .....                                    | –18             |
| 010–04–14–5033 Land acquisition .....  | –125            |
| Minerals Management Service  |                 |
| 010–06–14–1917 Royalty and offshore minerals management .....                                      | –294            |
| 010–06–14–8370 Oil spill research .....  | –13             |
| Office of Surface Mining Reclamation and Enforcement   |                 |
| 010–08–14–1801 Regulation and technology .....   | –222            |
| 010–08–14–5015 Abandoned mine reclamation fund .....   | –686            |
| Bureau of Reclamation  |                 |
| 010–10–14–0680 Water and related resources .....   | –1,406          |
| 010–10–14–0685 Bureau of Reclamation loan program account .....                                    | –21             |
| 010–10–14–4079 Lower Colorado River Basin development fund .....                                   | –87             |
| 010–10–14–4081 Upper Colorado River Basin fund .....   | –4              |
| 010–10–14–5065 Policy and administration .....   | –110            |
| 010–10–14–5173 Central Valley project restoration fund .....                                       | –22             |
| Central Utah Project   |                 |
| 010–11–14–0787 Central Utah Project completion account .....                                       | –57             |
| 010–11–14–5174 Utah reclamation mitigation and conservation account .....                          | –22             |
| United States Geological Survey  |                 |
| 010–12–14–0804 Surveys, investigations, and research .....   | –1,946          |
| United States Fish and Wildlife Service  |                 |
| 010–18–14–1611 Resource management .....   | –1,780          |
| 010–18–14–1612 Construction .....  | –157            |
| 010–18–14–1652 Multinational species conservation fund .....                                       | –7              |
| 010–18–14–1694 State wildlife grants .....   | –110            |
| 010–18–14–5020 Land acquisition .....  | –267            |
| 010–18–14–5029 Federal aid in wildlife restoration .....   | –110            |
| 010–18–14–5091 National wildlife refuge fund .....   | –25             |
| 010–18–14–5143 Cooperative endangered species conservation fund .....                              | –231            |
| 010–18–14–5150 Wildlife conservation and appreciation fund .....                                   | –2              |
| 010–18–14–5241 North American wetlands conservation fund .....                                     | –88             |
| National Park Service  |                 |
| 010–24–14–1031 Urban park and recreation fund .....  | –66             |
| 010–24–14–1036 Operation of the national park system .....   | –3,067          |
| 010–24–14–1039 Construction and major maintenance .....  | –673            |
| 010–24–14–1042 National recreation and preservation .....  | –132            |
| 010–24–14–1049 United States park police .....   | –172            |
| 010–24–14–5035 Land acquisition and State assistance .....   | –474            |
| 010–24–14–5140 Historic preservation fund .....  | –207            |
| Bureau of Indian Affairs   |                 |
| 010–76–14–2100 Operation of Indian programs .....  | –3,833          |
| 010–76–14–2301 Construction .....  | –786            |
| 010–76–14–2303 Indian land and water claim settlements and miscellaneous payments to Indians ..... | –83             |
| 010–76–14–2628 Indian guaranteed loan program account .....  | –11             |
| Departmental Management  |                 |
| 010–84–14–0102 Salaries and expenses .....   | –142            |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| Insular Affairs  |                 |
| 010–85–14–0412 Assistance to territories .....   | –105            |
| 010–85–14–0415 Compact of free association .....   | –19             |
| Office of the Solicitor  |                 |
| 010–86–14–0107 Office of the Solicitor .....   | –88             |
| Office of Inspector General  |                 |
| 010–88–14–0104 Office of Inspector General .....   | –61             |
| Office of Special Trustee for American Indians   |                 |
| 010–90–14–0120 Office of the Special Trustee for American Indians .....                      | –243            |
| 010–90–14–2103 Indian land consolidation pilot .....   | –20             |
| Natural Resources Damage Assessment and Restoration  |                 |
| 010–91–14–1618 Natural resource damage assessment fund .....                                 | –12             |
| Total, Department of the Interior .....  | –22,547         |
| <b>Department of Justice</b>   |                 |
| General Administration   |                 |
| 011–03–15–0129 Salaries and expenses .....   | –306            |
| 011–03–15–0130 Counterterrorism fund .....   | –11             |
| 011–03–15–0132 Narrowband communications .....   | –451            |
| 011–03–15–0136 Detention trustee .....   | –2              |
| 011–03–15–0202 Telecommunications carrier compliance fund .....                              | –442            |
| 011–03–15–0328 Office of Inspector General .....   | –92             |
| 011–03–15–0339 Administrative review and appeals .....                                       | –354            |
| United States Parole Commission  |                 |
| 011–04–15–1061 Salaries and expenses .....   | –20             |
| Legal Activities and U.S. Marshals   |                 |
| 011–05–15–0100 Salaries and expenses, Foreign Claims Settlement Commission .....             | –2              |
| 011–05–15–0128 Salaries and expenses, General Legal Activities .....                         | –1,179          |
| 011–05–15–0133 Construction .....  | –40             |
| 011–05–15–0322 Salaries and expenses, United States Attorneys .....                          | –2,785          |
| 011–05–15–0324 Salaries and expenses, United States Marshals Service .....                   | –1,265          |
| 011–05–15–0500 Salaries and expenses, Community Relations Service .....                      | –18             |
| 011–05–15–1020 Federal prisoner detention .....  | –1,313          |
| 011–05–15–4575 Justice prisoner and alien transportation system, U.S. Marshals Service ..... | –31             |
| 011–05–15–5042 Assets forfeiture fund .....  | –51             |
| Radiation Exposure Compensation  |                 |
| 011–06–15–0105 Administrative expenses .....   | –4              |
| 011–06–15–0333 Payment to radiation exposure compensation trust fund .....                   | –24             |
| Interagency Law Enforcement  |                 |
| 011–07–15–0323 Interagency crime and drug enforcement .....                                  | –717            |
| Federal Bureau of Investigation  |                 |
| 011–10–15–0200 Salaries and expenses .....   | –7,130          |
| 011–10–15–0203 Construction .....  | –37             |
| Drug Enforcement Administration  |                 |
| 011–12–15–1100 Salaries and expenses .....   | –3,034          |
| Immigration and Naturalization Service   |                 |
| 011–15–15–1217 Salaries and expenses .....   | –6,882          |
| 011–15–15–1219 Construction .....  | –293            |
| Federal Prison System  |                 |
| 011–20–15–1003 Buildings and facilities .....  | –1,839          |
| 011–20–15–1060 Salaries and expenses .....   | –7,649          |
| 011–20–15–4500 Federal Prison Industries, Incorporated .....                                 | –7              |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| <b>Office of Justice Programs</b>  |                 |
| 011–21–15–0334 Weed and seed program fund .....                                    | –75             |
| 011–21–15–0401 Justice assistance .....  | –935            |
| 011–21–15–0403 Public safety officers' benefits .....                              | –5              |
| 011–21–15–0404 State and local law enforcement assistance .....                    | –6,288          |
| 011–21–15–0405 Juvenile justice programs .....                                     | –645            |
| 011–21–15–0406 Community oriented policing services .....                          | –2,286          |
| Total, Department of Justice .....   | –46,212         |
| <b>Department of State</b>   |                 |
| <b>Administration of Foreign Affairs</b>   |                 |
| 014–05–19–0113 Diplomatic and consular programs .....                              | –7,009          |
| 014–05–19–0120 Capital investment fund .....                                       | –213            |
| 014–05–19–0209 Educational and cultural exchange programs .....                    | –510            |
| 014–05–19–0520 Protection of foreign missions and officials .....                  | –33             |
| 014–05–19–0522 Emergencies in the diplomatic and consular service .....            | –11             |
| 014–05–19–0523 Payment to the American Institute in Taiwan .....                   | –35             |
| 014–05–19–0529 Office of the Inspector General .....                               | –62             |
| 014–05–19–0535 Embassy security, construction, and maintenance .....               | –2,376          |
| 014–05–19–0545 Representation allowances .....                                     | –13             |
| 014–05–19–0601 Repatriation loans program account .....                            | –2              |
| <b>International Organizations and Conferences</b>                                 |                 |
| 014–10–19–1124 Contributions for international peacekeeping activities .....       | –1,861          |
| 014–10–19–1126 Contributions to international organizations .....                  | –1,916          |
| <b>International Commissions</b>   |                 |
| 014–15–19–1069 Salaries and expenses, IBWC .....                                   | –15             |
| 014–15–19–1078 Construction, IBWC .....  | –51             |
| 014–15–19–1082 American sections, international commissions .....                  | –15             |
| 014–15–19–1087 International fisheries commissions .....                           | –42             |
| <b>Other</b>   |                 |
| 014–25–11–0040 United States emergency refugee and migration assistance fund ..... | –33             |
| 014–25–19–0202 East-West Center .....  | –31             |
| 014–25–19–0210 National Endowment for Democracy .....                              | –68             |
| 014–25–19–0525 Payment to the Asia Foundation .....                                | –20             |
| 014–25–19–1022 International narcotics control and law enforcement .....           | –715            |
| 014–25–19–1143 Migration and refugee assistance .....                              | –1,540          |
| 014–25–95–8276 Israeli Arab and Eisenhower exchange fellowship programs .....      | –2              |
| Total, Department of State .....   | –16,573         |
| <b>Department of Transportation</b>  |                 |
| <b>Office of the Secretary</b>   |                 |
| 021–04–69–0102 Salaries and expenses .....   | –139            |
| 021–04–69–0118 Office of Civil Rights .....  | –18             |
| 021–04–69–0119 Minority business outreach .....                                    | –7              |
| 021–04–69–0142 Transportation planning, research, and development .....            | –24             |
| 021–04–69–0155 Minority business resource center program .....                     | –4              |
| <b>Coast Guard</b>   |                 |
| 021–08–69–0201 Operating expenses .....  | –6,967          |
| 021–08–69–0230 Environmental compliance and restoration .....                      | –37             |
| 021–08–69–0240 Acquisition, construction, and improvements .....                   | –869            |
| 021–08–69–0242 Reserve training .....  | –176            |
| 021–08–69–0243 Research, development, test, and evaluation .....                   | –40             |
| 021–08–69–0244 Alteration of bridges .....   | –35             |
| 021–08–69–8314 Trust fund share of expenses .....                                  | –108            |
| <b>Federal Aviation Administration</b>   |                 |
| 021–12–69–1301 Operations .....  | –4,684          |
| 021–12–69–8104 Trust fund share of FAA operations .....                            | –9,713          |
| 021–12–69–8106 Grants-in-aid for airports (Airport and airway trust fund) .....    | –4              |

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| 021-12-69-8106 Grants-in-aid for airports (Airport and airway trust fund), obligation limitation ..... | -7,040          |
| 021-12-69-8107 Facilities and equipment (Airport and airway trust fund) .....                          | -5,845          |
| 021-12-69-8108 Research, engineering and development (Airport and airway trust fund) .....             | -411            |
| Federal Highway Administration   |                 |
| 021-15-69-8072 Appalachian development highway system (Highway trust fund) .....                       | -561            |
| 021-15-69-8083 Federal-aid highways .....  | -1,584          |
| 021-15-69-8083 Federal-aid highways, obligation limitation .....                                       | -65,256         |
| 021-15-69-9911 Miscellaneous appropriations .....  | -1,333          |
| 021-15-69-9972 Miscellaneous highway trust funds .....   | -2,607          |
| Federal Motor Carrier Safety Administration  |                 |
| 021-17-69-8048 National motor carrier safety program, obligation limitation .....                      | -389            |
| 021-17-69-8055 Motor carrier safety, obligation limitation .....                                       | -202            |
| National Highway Traffic Safety Administration   |                 |
| 021-18-69-0650 Operations and research .....   | -257            |
| 021-18-69-8016 Operations and research (Highway trust fund) .....                                      | -4              |
| 021-18-69-8016 Operations and research (Highway trust fund), obligation limitation .....               | -158            |
| 021-18-69-8020 Highway traffic safety grants, obligation limitation .....                              | -469            |
| Federal Railroad Administration  |                 |
| 021-27-69-0152 AMTRAK reform council .....   | -2              |
| 021-27-69-0700 Safety and operations .....   | -224            |
| 021-27-69-0704 Capital grants to National Railroad Passenger Corporation .....                         | -1,146          |
| 021-27-69-0722 Next generation high-speed rail .....   | -55             |
| 021-27-69-0723 Pennsylvania station redevelopment project .....  | -44             |
| 021-27-69-0726 Rhode Island rail development .....   | -37             |
| 021-27-69-0730 Alaska railroad rehabilitation .....  | -66             |
| 021-27-69-0745 Railroad research and development .....   | -55             |
| 021-27-69-0758 West Virginia rail development .....  | -33             |
| Federal Transit Administration   |                 |
| 021-36-69-1120 Administrative expenses .....   | -29             |
| 021-36-69-1125 Job access and reverse commute grants .....   | -44             |
| 021-36-69-1129 Formula grants .....  | -1,360          |
| 021-36-69-1134 Capital investment grants .....   | -1,274          |
| 021-36-69-1136 University transportation research, obligation limitation .....                         | -2              |
| 021-36-69-1137 Transit planning and research .....   | -48             |
| 021-36-69-8350 Trust fund share of expenses .....  | -10             |
| 021-36-69-8350 Trust fund share of expenses, obligation limitation .....                               | -11,037         |
| Saint Lawrence Seaway Development Corporation  |                 |
| 021-40-69-8003 Operations and maintenance .....  | -29             |
| Research and Special Programs Administration   |                 |
| 021-50-69-0104 Research and special programs .....   | -79             |
| 021-50-69-5172 Pipeline safety .....   | -4              |
| 021-50-69-8121 Trust fund share of pipeline safety .....   | -15             |
| Office of Inspector General  |                 |
| 021-56-69-0130 Salaries and expenses .....   | -106            |
| Surface Transportation Board   |                 |
| 021-61-69-0301 Salaries and expenses .....   | -37             |
| Maritime Administration  |                 |
| 021-70-69-1711 Maritime security program .....   | -218            |
| 021-70-69-1750 Operations and training .....   | -191            |
| 021-70-69-1752 Maritime guaranteed loan (title XI) program account .....                               | -57             |
| Total, Department of Transportation .....  | -125,143        |
| <b>Department of the Treasury</b>  |                 |
| Departmental Offices   |                 |
| 015-05-20-0101 Salaries and expenses .....   | -358            |
| 015-05-20-0106 Office of Inspector General .....   | -72             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| 015–05–20–0108 Treasury building and annex repair and restoration .....                         | –68             |
| 015–05–20–0115 Department-wide systems and capital investments programs .....                   | –137            |
| 015–05–20–0117 Counterterrorism fund .....  | –121            |
| 015–05–20–0119 Inspector General for Tax Administration .....                                   | –261            |
| 015–05–20–0121 Expanded access to financial services .....                                      | –22             |
| 015–05–20–0173 Financial crimes enforcement network .....                                       | –83             |
| 015–05–20–1881 Community development financial institutions fund program account .....          | –260            |
| 015–05–20–5407 Sallie Mae assessments .....   | –2              |
| Federal Law Enforcement Training Center   |                 |
| 015–08–20–0104 Salaries and expenses .....  | –219            |
| 015–08–20–0105 Acquisition, construction, improvements, and related expenses .....              | –119            |
| Interagency Law Enforcement   |                 |
| 015–09–20–1501 Interagency crime and drug enforcement .....                                     | –228            |
| Financial Management Service  |                 |
| 015–10–20–1801 Salaries and expenses .....  | –455            |
| Bureau of Alcohol, Tobacco and Firearms   |                 |
| 015–13–20–1000 Salaries and expenses .....  | –1,700          |
| United States Customs Service   |                 |
| 015–15–20–0602 Salaries and expenses .....  | –4,142          |
| 015–15–20–0604 Operation, maintenance and procurement, air and marine interdiction programs ... | –309            |
| 015–15–20–0610 Automation modernization .....   | –568            |
| 015–15–20–5694 Customs services at small airports .....   | –7              |
| 015–15–20–8870 Harbor maintenance fee collection .....  | –7              |
| United States Mint  |                 |
| 015–25–20–4159 United States Mint public enterprise fund .....                                  | –40             |
| Bureau of the Public Debt   |                 |
| 015–35–20–0560 Administering the public debt .....  | –402            |
| Internal Revenue Service  |                 |
| 015–45–20–0912 Processing, assistance, and management .....                                     | –7,847          |
| 015–45–20–0913 Tax law enforcement .....  | –7,459          |
| 015–45–20–0917 Earned income tax credit compliance initiative .....                             | –319            |
| 015–45–20–0919 Information systems .....  | –3,399          |
| 015–45–20–0921 Business systems modernization .....   | –158            |
| 015–45–20–0926 Staffing tax administration for balance and equity .....                         | –310            |
| United States Secret Service  |                 |
| 015–55–20–1408 Salaries and expenses .....  | –1,833          |
| 015–55–20–1409 Acquisition, construction, improvements, and related expenses .....              | –20             |
| Total, Department of the Treasury .....   | –30,925         |
| <b>Department of Veterans Affairs</b>   |                 |
| Veterans Health Administration  |                 |
| 029–15–36–0152 Medical administration and miscellaneous operating expenses .....                | –136            |
| 029–15–36–0160 Medical care .....   | –44,546         |
| 029–15–36–0161 Medical and prosthetic research .....  | –772            |
| Veterans Benefits Administration  |                 |
| 029–25–36–0128 Miscellaneous veterans housing loans program account .....                       | –2              |
| 029–25–36–0140 Miscellaneous veterans programs loan fund program account .....                  | –2              |
| 029–25–36–1119 Veterans housing benefit program fund program account .....                      | –356            |
| Construction  |                 |
| 029–30–36–0110 Construction, major projects .....   | –145            |
| 029–30–36–0111 Construction, minor projects .....   | –365            |
| 029–30–36–0181 Grants for construction of State extended care facilities .....                  | –220            |
| 029–30–36–0183 Grants for the construction of State veterans cemeteries .....                   | –55             |
| 029–30–36–4538 Parking revolving fund .....   | –13             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| <b>Departmental Administration</b>  |                 |
| 029–40–36–0129 National Cemetery Administration .....   | –242            |
| 029–40–36–0151 General operating expenses .....   | –2,382          |
| 029–40–36–0170 Office of Inspector General .....  | –101            |
| Total, Department of Veterans Affairs .....   | –49,337         |
| <b>Corps of Engineers</b>   |                 |
| 202–00–20–8861 Inland waterways trust fund .....  | –264            |
| 202–00–96–3112 Flood control, Mississippi River and tributaries .....                                     | –774            |
| 202–00–96–3121 General investigations .....   | –354            |
| 202–00–96–3122 Construction, general .....  | –3,509          |
| 202–00–96–3123 Operation and maintenance, general .....   | –4,195          |
| 202–00–96–3124 General expenses .....   | –334            |
| 202–00–96–3126 Regulatory program .....   | –275            |
| 202–00–96–3130 Formerly utilized sites remedial action program .....                                      | –308            |
| Total, Corps of Engineers .....   | –10,013         |
| <b>Other Defense Civil Programs</b>   |                 |
| American Battle Monuments commission  |                 |
| 200–15–74–0100 Salaries and expenses .....  | –62             |
| Cemeterial Expenses   |                 |
| 200–25–21–1805 Salaries and expenses .....  | –40             |
| Selective Service System  |                 |
| 200–45–90–0400 Salaries and expenses .....  | –53             |
| Total, Other Defense Civil Programs .....   | –155            |
| <b>Environmental Protection Agency</b>  |                 |
| 020–00–20–8145 Hazardous substance superfund .....  | –2,794          |
| 020–00–20–8153 Leaking underground storage tank trust fund .....  | –159            |
| 020–00–68–0103 State and tribal assistance grants .....   | –7,983          |
| 020–00–68–0107 Science and technology .....   | –1,531          |
| 020–00–68–0108 Environmental programs and management .....  | –4,594          |
| 020–00–68–0110 Buildings and facilities .....   | –53             |
| 020–00–68–0112 Office of the Inspector General .....  | –75             |
| 020–00–68–8221 Oil spill response .....   | –33             |
| Total, Environmental Protection Agency .....  | –17,222         |
| <b>Executive Office of the President</b>  |                 |
| Compensation of the President and the White House Office  |                 |
| 100–05–11–0110 Compensation of the President and the White House Office .....                             | –118            |
| Executive Residence at the White House  |                 |
| 100–10–11–0109 White House repair and restoration .....   | –2              |
| 100–10–11–0210 Operating expenses .....   | –24             |
| Special Assistance to the President and the Official Residence of the Vice President                      |                 |
| 100–15–11–1454 Special Assistance to the President and the Official Residence of the Vice President ..... | –9              |
| Council of Economic Advisers  |                 |
| 100–20–11–1900 Salaries and expenses .....  | –9              |
| Council on Environmental Quality and Office of Environmental Quality                                      |                 |
| 100–25–11–1453 Council on Environmental Quality and Office of Environmental Quality .....                 | –6              |
| Office of Policy Development  |                 |
| 100–30–11–2200 Salaries and expenses .....  | –9              |
| National Security Council   |                 |
| 100–35–11–2000 Salaries and expenses .....  | –15             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| Office of Administration   |                 |
| 100–50–11–0038 Salaries and expenses .....   | –96             |
| Office of Management and Budget  |                 |
| 100–55–11–0300 Salaries and expenses .....   | –151            |
| Office of National Drug Control Policy   |                 |
| 100–60–11–1457 Salaries and expenses .....   | –55             |
| 100–60–11–1461 Counterdrug Technology Assessment Center .....                                  | –79             |
| Office of Science and Technology Policy  |                 |
| 100–65–11–2600 Office of Science and Technology Policy .....                                   | –11             |
| Office of the United States Trade Representative   |                 |
| 100–70–11–0400 Salaries and expenses .....   | –66             |
| Unanticipated Needs  |                 |
| 100–95–11–0037 Unanticipated needs .....   | –8              |
| Total, Executive Office of the President .....   | –658            |
| <b>Federal Emergency Management Agency</b>   |                 |
| 361–00–58–0100 Salaries and expenses .....   | –473            |
| 361–00–58–0101 Emergency management planning and assistance .....                              | –821            |
| 361–00–58–0103 Emergency food and shelter program .....  | –308            |
| 361–00–58–0104 Disaster relief .....   | –3,513          |
| 361–00–58–0105 Disaster assistance direct loan program account .....                           | –4              |
| 361–00–58–0300 Office of the Inspector General .....   | –22             |
| 361–00–58–4236 National flood insurance fund .....   | –143            |
| 361–00–58–4243 National flood mitigation fund .....  | –44             |
| 361–00–58–5464 Flood map modernization fund .....  | –40             |
| Total, Federal Emergency Management Agency .....   | –5,368          |
| <b>General Services Administration</b>   |                 |
| Real Property Activities   |                 |
| 023–05–47–4542 Federal buildings fund .....  | –1,051          |
| 023–05–47–5254 Disposal of surplus real and related personal property .....                    | –2              |
| General Activities   |                 |
| 023–30–47–0105 Allowances and office staff for former Presidents .....                         | –6              |
| 023–30–47–0107 Expenses, Presidential transition .....   | –16             |
| 023–30–47–0108 Office of Inspector General .....   | –76             |
| 023–30–47–0110 Policy and operations .....   | –303            |
| 023–30–47–4549 Federal Consumer Information Center fund .....                                  | –16             |
| Total, General Services Administration .....   | –1,470          |
| <b>International Assistance Programs</b>   |                 |
| International Security Assistance  |                 |
| 184–05–11–1075 Nonproliferation, antiterrorism, demining, and related programs .....           | –686            |
| 184–05–11–1081 International military education and training .....                             | –128            |
| 184–05–11–1082 Foreign military financing program .....  | –7,867          |
| 184–05–72–1032 Peacekeeping operations .....   | –279            |
| 184–05–72–1037 Economic support fund .....   | –5,104          |
| Multilateral Assistance  |                 |
| 184–10–11–0072 Contribution to the Inter-American Development Bank .....                       | –55             |
| 184–10–11–0073 Contribution to the International Development Association .....                 | –1,705          |
| 184–10–11–0076 Contribution to the Asian Development Bank .....                                | –158            |
| 184–10–11–0077 Contribution to the International Bank for Reconstruction and Development ..... | –238            |
| 184–10–11–0079 Contribution to the African Development Bank .....                              | –233            |
| 184–10–11–0084 Contribution to Multilateral Investment Guarantee Agency .....                  | –22             |
| 184–10–11–0088 Contribution to the European Bank for Reconstruction and Development .....      | –79             |
| 184–10–11–0089 Contribution to enterprise for the Americas multilateral investment fund .....  | –22             |

**Table 21-1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| 184-10-11-0091 Debt restructuring .....   | -986            |
| 184-10-11-1039 Contributions to the International Fund for Agricultural Development ..... | -11             |
| 184-10-11-1045 International affairs technical assistance program .....                   | -13             |
| 184-10-72-1005 International organizations and programs .....                             | -651            |
| Agency for International Development  |                 |
| 184-15-72-0400 Microenterprise and small enterprise development program account .....     | -4              |
| 184-15-72-1000 Operating expenses of the Agency for International Development .....       | -1,175          |
| 184-15-72-1007 Operating expenses, Office of Inspector General .....                      | -59             |
| 184-15-72-1010 Assistance for Eastern Europe and the Baltic States .....                  | -1,487          |
| 184-15-72-1021 Sustainable development assistance program .....                           | -2,798          |
| 184-15-72-1027 Transition Initiatives .....   | -110            |
| 184-15-72-1035 International disaster assistance .....                                    | -660            |
| 184-15-72-1093 Assistance for the independent states of the former Soviet Union .....     | -1,782          |
| 184-15-72-1095 Child survival and disease programs .....                                  | -1,877          |
| 184-15-72-1264 Development credit authority program account .....                         | -24             |
| Overseas Private Investment Corporation   |                 |
| 184-20-71-0100 Overseas Private Investment Corporation program account .....              | -103            |
| Trade and Development Agency  |                 |
| 184-25-11-1001 Trade and Development Agency .....   | -110            |
| Peace Corps   |                 |
| 184-35-11-0100 Peace Corps .....  | -583            |
| Inter-American Foundation   |                 |
| 184-40-11-3100 Inter-American Foundation .....  | -26             |
| African Development Foundation  |                 |
| 184-50-11-0700 African Development Foundation .....                                       | -35             |
| Total, International Assistance Programs .....  | -29,070         |
| <b>National Aeronautics and Space Administration</b>                                      |                 |
| 026-00-80-0109 Office of Inspector General .....  | -51             |
| 026-00-80-0110 Science, Aeronautics and Technology .....                                  | -13,620         |
| 026-00-80-0111 Human space flight .....   | -12,019         |
| 026-00-80-0112 Mission support .....  | -5,740          |
| Total, National Aeronautics and Space Administration .....                                | -31,430         |
| <b>National Science Foundation</b>  |                 |
| 422-00-49-0100 Research and related activities .....                                      | -7,370          |
| 422-00-49-0106 Education and human resources .....  | -1,731          |
| 422-00-49-0180 Salaries and expenses .....  | -354            |
| 422-00-49-0300 Office of the Inspector General .....                                      | -13             |
| 422-00-49-0551 Major research equipment .....   | -268            |
| Total, National Science Foundation .....  | -9,736          |
| <b>Office of Personnel Management</b>   |                 |
| 027-00-24-0100 Salaries and expenses .....  | -207            |
| 027-00-24-0400 Office of Inspector General .....  | -3              |
| 027-00-24-8135 Civil service retirement and disability fund .....                         | -197            |
| 027-00-24-8424 Employees life insurance fund .....  | -4              |
| 027-00-24-9981 Employees and retired employees health benefits funds .....                | -51             |
| Total, Office of Personnel Management .....   | -462            |
| <b>Small Business Administration</b>  |                 |
| 028-00-73-0100 Salaries and expenses .....  | -903            |
| 028-00-73-0200 Office of Inspector General .....  | -26             |
| 028-00-73-1152 Disaster loans program account .....                                       | -406            |
| 028-00-73-1154 Business loan program account .....  | -648            |
| Total, Small Business Administration .....  | -1,983          |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| <b>Advisory Council on Historic Preservation</b>                                   |                 |
| 306–00–95–2300 Salaries and expenses .....   | –7              |
| Total, Advisory Council on Historic Preservation .....                             | –7              |
| <b>Appalachian Regional Commission</b>   |                 |
| 309–00–46–0200 Appalachian Regional Commission .....                               | –170            |
| Total, Appalachian Regional Commission .....                                       | –170            |
| <b>Architectural and Transportation Barriers Compliance Board</b>                  |                 |
| 310–00–95–3200 Salaries and expenses .....   | –11             |
| Total, Architectural and Transportation Barriers Compliance Board .....            | –11             |
| <b>Broadcasting Board of Governors</b>   |                 |
| 514–00–95–0204 Broadcasting capital improvements .....                             | –44             |
| 514–00–95–0206 International broadcasting operations .....                         | –900            |
| 514–00–95–0208 Broadcasting to Cuba .....  | –48             |
| Total, Broadcasting Board of Governors .....                                       | –992            |
| <b>Chemical Safety and Hazard Investigation Board</b>                              |                 |
| Chemical Safety and Hazard Investigation Board                                     |                 |
| 510–00–95–3850 Chemical Safety and Hazard Investigation Board .....                | –17             |
| Total, Chemical Safety and Hazard Investigation Board .....                        | –17             |
| <b>Commission of Fine Arts</b>   |                 |
| 323–00–95–2600 Salaries and expenses .....   | –2              |
| 323–00–95–2602 National Capital arts and cultural affairs .....                    | –15             |
| Total, Commission of Fine Arts .....   | –17             |
| <b>Commission on Civil Rights</b>  |                 |
| 326–00–95–1900 Salaries and expenses .....   | –20             |
| Total, Commission on Civil Rights .....  | –20             |
| <b>Committee for Purchase from People who are Blind or Severely Disabled</b>       |                 |
| Committee for Purchase from People who are Blind or Severely Disabled, activities  |                 |
| 338–00–95–2000 Salaries and expenses .....   | –9              |
| Total, Committee for Purchase from People who are Blind or Severely Disabled ..... | –9              |
| <b>Commodity Futures Trading Commission</b>  |                 |
| 339–00–95–1400 Commodity Futures Trading Commission .....                          | –150            |
| Total, Commodity Futures Trading Commission .....                                  | –150            |
| <b>Consumer Product Safety Commission</b>  |                 |
| 343–00–61–0100 Salaries and expenses .....   | –114            |
| Total, Consumer Product Safety Commission .....                                    | –114            |
| <b>Corporation for National and Community Service</b>                              |                 |
| 485–00–95–2720 National and community service programs, operating expenses .....   | –1,009          |
| 485–00–95–2721 Inspector general .....   | –11             |
| Total, Corporation for National and Community Service .....                        | –1,020          |
| <b>Court of Appeals for Veterans Claims</b>  |                 |
| 345–00–95–0300 Salaries and expenses .....   | –26             |
| Total, Court of Appeals for Veterans Claims .....                                  | –26             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| <b>Court Services and Offender Supervision Agency for the District of Columbia</b>                               |                 |
| 511–00–95–1734 Federal payment to Court Services and Offender Supervision Agency for the District of Colum ..... | –248            |
| Total, Court Services and Offender Supervision Agency for the District of Columbia .....                         | –248            |
| <b>Defense Nuclear Facilities Safety Board</b>   |                 |
| 347–00–95–3900 Salaries and expenses .....   | –42             |
| Total, Defense Nuclear Facilities Safety Board .....   | –42             |
| <b>Delta Regional Authority</b>  |                 |
| 517–00–95–0750 Delta regional authority .....  | –44             |
| Total, Delta Regional Authority .....  | –44             |
| <b>Denali Commission</b>   |                 |
| 513–00–95–1200 Denali Commission .....   | –66             |
| 513–00–95–8056 Denali Commission trust fund .....  | –24             |
| Total, Denali Commission .....   | –90             |
| <b>District of Columbia</b>  |                 |
| District of Columbia Courts  |                 |
| 349–10–20–1759 Crime victims compensation fund .....   | –40             |
| 349–10–95–1712 Federal payment to the District of Columbia courts .....  | –231            |
| 349–10–95–1736 Defender services in District of Columbia courts .....  | –75             |
| District of Columbia Corrections   |                 |
| 349–20–95–1735 Payment to the District of Columbia corrections trustee, operations .....                         | –295            |
| District of Columbia General and Special Payments  |                 |
| 349–30–20–1707 Federal support for economic development and management reforms in the District .....             | –95             |
| 349–30–20–1736 Federal payment for resident tuition support .....  | –37             |
| Total, District of Columbia .....  | –773            |
| <b>Equal Employment Opportunity Commission</b>   |                 |
| 350–00–45–0100 Salaries and expenses .....   | –669            |
| Total, Equal Employment Opportunity Commission .....   | –669            |
| <b>Export-Import Bank of the United States</b>   |                 |
| 351–00–83–0100 Export-Import Bank loans program account .....  | –2,039          |
| Total, Export-Import Bank of the United States .....   | –2,039          |
| <b>Federal Communications Commission</b>   |                 |
| 356–00–27–0100 Salaries and expenses .....   | –66             |
| Total, Federal Communications Commission .....   | –66             |
| <b>Federal Drug Control Programs</b>   |                 |
| 154–00–11–1070 High-intensity drug trafficking areas program .....   | –378            |
| 154–00–11–1460 Special forfeiture fund .....   | –515            |
| Total, Federal Drug Control Programs .....   | –893            |
| <b>Federal Election Commission</b>   |                 |
| 360–00–95–1600 Salaries and expenses .....   | –88             |
| Total, Federal Election Commission .....   | –88             |
| <b>Federal Labor Relations Authority</b>   |                 |
| 365–00–54–0100 Salaries and expenses .....   | –55             |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion |
|--|-----------------|
| Total, Federal Labor Relations Authority .....   | -55             |
| <b>Federal Maritime Commission</b>   |                 |
| 366–00–65–0100 Salaries and expenses .....   | -35             |
| Total, Federal Maritime Commission .....   | -35             |
| <b>Institute of American Indian and Alaska Native Culture and Arts Development</b>                               |                 |
| 373–00–95–2900 Payment to the institute .....  | -9              |
| Total, Institute of American Indian and Alaska Native Culture and Arts Development .....                         | -9              |
| <b>Institute of Museum and Library Services</b>  |                 |
| 474–00–59–0300 Office of Museum Services: grants and administration .....  | -55             |
| Total, Institute of Museum and Library Services .....  | -55             |
| <b>Intelligence Community Management Account</b>   |                 |
| 467–00–95–0401 Intelligence community management account .....   | -253            |
| Total, Intelligence Community Management Account .....   | -253            |
| <b>International Trade Commission</b>  |                 |
| 378–00–34–0100 Salaries and expenses .....   | -106            |
| Total, International Trade Commission .....  | -106            |
| <b>Legal Services Corporation</b>  |                 |
| 385–00–20–0501 Payment to Legal Services Corporation .....   | -726            |
| Total, Legal Services Corporation .....  | -726            |
| <b>Marine Mammal Commission</b>  |                 |
| 387–00–95–2200 Salaries and expenses .....   | -4              |
| Total, Marine Mammal Commission .....  | -4              |
| <b>Merit Systems Protection Board</b>  |                 |
| 389–00–41–0100 Salaries and expenses .....   | -65             |
| Total, Merit Systems Protection Board .....  | -65             |
| <b>Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation</b>                    |                 |
| 487–00–95–0900 Federal payment to Morris K. Udall Scholarship and Excellence in National Environmental Pol ..... | -4              |
| 487–00–95–5415 Environmental dispute resolution fund .....   | -2              |
| Total, Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation ...                | -6              |
| <b>National Archives and Records Administration</b>  |                 |
| 393–00–88–0300 Operating expenses .....  | -447            |
| 393–00–88–0301 National Historical Publications and Records Commission .....                                     | -14             |
| 393–00–88–0302 Repairs and restoration .....   | -224            |
| Total, National Archives and Records Administration .....  | -685            |
| <b>National Capital Planning Commission</b>  |                 |
| 394–00–95–2500 Salaries and expenses .....   | -13             |
| Total, National Capital Planning Commission .....  | -13             |
| <b>National Credit Union Administration</b>  |                 |
| 415–00–25–4472 Community development credit union revolving loan fund .....                                      | -2              |
| Total, National Credit Union Administration .....  | -2              |
| <b>National Endowment for the Arts</b>   |                 |
| 417–00–59–0100 National Endowment for the Arts: grants and administration .....                                  | -216            |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account   | Rescis-<br>sion |
|---|-----------------|
| 417–00–59–0400 Challenge America arts fund .....                                      | –15             |
| Total, National Endowment for the Arts .....  | –231            |
| <b>National Endowment for the Humanities</b>  |                 |
| 418–00–59–0200 National Endowment for the Humanities: grants and administration ..... | –264            |
| Total, National Endowment for the Humanities .....                                    | –264            |
| <b>National Transportation Safety Board</b>   |                 |
| 424–00–95–0310 Salaries and expenses .....  | –139            |
| Total, National Transportation Safety Board .....                                     | –139            |
| <b>National Veterans Business Development Corporation</b>                             |                 |
| 518–00–95–0350 National Veterans Business Development Corporation .....               | –9              |
| Total, National Veterans Business Development Corporation .....                       | –9              |
| <b>Neighborhood Reinvestment Corporation</b>  |                 |
| 428–00–82–1300 Payment to Neighborhood Reinvestment Corporation .....                 | –198            |
| Total, Neighborhood Reinvestment Corporation .....                                    | –198            |
| <b>Nuclear Regulatory Commission</b>  |                 |
| 429–00–31–0200 Salaries and expenses .....  | –62             |
| 429–00–31–0300 Office of Inspector General .....                                      | –13             |
| Total, Nuclear Regulatory Commission .....  | –75             |
| <b>Nuclear Waste Technical Review Board</b>   |                 |
| 431–00–48–0500 Salaries and expenses .....  | –7              |
| Total, Nuclear Waste Technical Review Board .....                                     | –7              |
| <b>Office of Government Ethics</b>  |                 |
| 434–00–95–1100 Salaries and expenses .....  | –21             |
| Total, Office of Government Ethics .....  | –21             |
| <b>Office of Navajo and Hopi Indian Relocation</b>                                    |                 |
| 435–00–48–1100 Salaries and expenses .....  | –33             |
| Total, Office of Navajo and Hopi Indian Relocation .....                              | –33             |
| <b>Office of Special Counsel</b>  |                 |
| 436–00–62–0100 Salaries and expenses .....  | –25             |
| Total, Office of Special Counsel .....  | –25             |
| <b>Other Commissions and Boards</b>   |                 |
| 505–00–95–9911 Other commissions and boards .....                                     | –2              |
| Total, Other Commissions and Boards .....   | –2              |
| <b>Postal Service</b>   |                 |
| 440–00–18–1001 Payment to Postal Service fund .....                                   | –205            |
| Total, Postal Service .....   | –205            |
| <b>Presidio Trust</b>   |                 |
| 512–00–95–4331 Presidio Trust .....   | –73             |
| Total, Presidio Trust .....   | –73             |
| <b>Smithsonian Institution</b>  |                 |
| 452–00–33–0100 Salaries and expenses .....  | –853            |
| 452–00–33–0132 Repair, restoration and alteration of facilities .....                 | –127            |

**Table 21–1. FY 2001 GOVERNMENT-WIDE RESCISSION, CONSOLIDATED APPROPRIATIONS ACT—Continued**

(FY 2001 dollars, in thousands)

| Account  | Rescis-<br>sion              |
|--|------------------------------|
| 452–00–33–0133 Construction .....  | –21                          |
| 452–00–33–0200 Salaries and expenses, National Gallery of Art .....                            | –143                         |
| 452–00–33–0201 Repair, restoration, and renovation of buildings, National Gallery of Art ..... | –24                          |
| 452–00–33–0302 Operations and maintenance, JFK Center for the Performing Arts .....            | –31                          |
| 452–00–33–0303 Construction, JFK Center for the Performing Arts .....                          | –44                          |
| 452–00–33–0400 Salaries and expenses, Woodrow Wilson International Center for Scholars .....   | –16                          |
| 452–00–33–0401 Payment to endowment fund, Woodrow Wilson international center for scholars ... | –11                          |
| Total, Smithsonian Institution .....   | –1,270                       |
| <b>State Justice Institute</b>   |                              |
| 453–00–48–0052 State Justice Institute: salaries and expenses .....                            | –15                          |
| Total, State Justice Institute .....   | –15                          |
| <b>United States Holocaust Memorial Museum</b>   |                              |
| 456–00–95–3300 Holocaust Memorial Museum .....   | –75                          |
| <b>Rescission Total</b> .....  | <b>–</b><br><b>1,088,962</b> |

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## INFORMATION TECHNOLOGY INVESTMENTS

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## 22. PROGRAM PERFORMANCE BENEFITS FROM MAJOR INFORMATION TECHNOLOGY INVESTMENTS

This IT Performance Table provides a summary of spending by agency for Information Technology and a snapshot of individual IT investments with program and performance benefits. This Table supplements the discussion of capital planning issues outlined in the FY2002 President's Budget (Section 3, Chapter 1) by addressing the use of capital planning and investment control to select and manage IT investments.

Agencies have made mixed progress over the last several years in the areas of capital planning, enterprise architecture, performance management, IT security, privacy, and e-Government. The majority of agencies have some process for capital planning yet many are just beginning to develop an enterprise architecture, address IT security and privacy, and make the transformation to an e-Government. Therefore, while some progress in terms of the processes have been made, much work remains to ensure that these processes are implemented and that planned program and performance benefits of the projects and investments are delivered within and across agencies. As agencies improve their capital planning and investment control processes,

they are incorporating and addressing these issues as integral parts of their capital planning processes for individual investments, their overall agency IT investment portfolios, as well as cross-agency coordination. Agencies will be expected to increase and accelerate the attention given to these issues in FY2002 and beyond.

Part 1 of this table provides a summary of spending by agency, identifies number of major and significant projects, and identifies spending for fiscal years 2000, 2001, and 2002. Part 2 of this table highlights several projects from each agency and report the planned investments, the mission or goal of the agency the investment supports, and the planned program or performance benefits tied to the investment. The Agency IT Investment Portfolio (OMB A-11, Exhibit 53) provides additional information on the agency's IT Investments. Detailed project information for each IT investment is reported via OMB A-11 Exhibit 300-B, Capital Asset Plans. Additional discussion of these issues will also appear as part of the Administration's government reform and management agenda.

**Table 22-1. IT PERFORMANCE TABLE**  
(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

| Agency                           | Count | FY 2000 | FY 2001 | FY 2002 |
|----------------------------------|-------|---------|---------|---------|
| <b>Corps of Engineers</b>        |       |         |         |         |
| Major Projects .....             | 4     | 27      | 25      | 31      |
| Significant Projects .....       | 9     | 13      | 91      | 66      |
| Small and Other Projects .....   | ..... | 144     | 109     | 82      |
| Total IT Investments .....       | ..... | \$184   | \$225   | \$179   |
| <b>Department of Agriculture</b> |       |         |         |         |
| Major Projects .....             | 36    | 658     | 775     | 822     |
| Significant Projects .....       | 71    | 260     | 229     | 258     |
| Small and Other Projects .....   | ..... | 358     | 379     | 408     |
| Total IT Investments .....       | ..... | \$1,276 | \$1,383 | \$1,488 |
| <b>Department of Commerce</b>    |       |         |         |         |
| Major Projects .....             | 20    | 234     | 215     | 205     |
| Significant Projects .....       | 65    | 653     | 661     | 565     |
| Small and Other Projects .....   | ..... | 142     | 155     | 180     |
| Total IT Investments .....       | ..... | \$1,029 | \$1,031 | \$950   |

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

| Agency   | Count | FY 2000  | FY 2001  | FY 2002  |
|--|-------|----------|----------|----------|
| <b>Department of Defense</b>                       |       |          |          |          |
| Major Projects .....                               | 109   | 7,607    | 7,723    | 7,630    |
| Significant Projects .....                         | 457   | 10,839   | 11,171   | 10,916   |
| Small and Other Projects .....                     |       | 2,766    | 2,835    | 2,983    |
| Total IT Investments .....                         |       | \$21,212 | \$21,729 | \$21,529 |
| <b>Department of Education</b>                     |       |          |          |          |
| Major Projects .....                               | 20    | 428      | 502      | 509      |
| Significant Projects .....                         | 12    | 15       | 25       | 24       |
| Small and Other Projects .....                     |       | 100      | 116      | 120      |
| Total IT Investments .....                         |       | \$543    | \$643    | \$653    |
| <b>Department of Energy</b>                        |       |          |          |          |
| Major Projects .....                               | 8     | 33       | 43       | 47       |
| Significant Projects .....                         | 202   | 858      | 914      | 926      |
| Small and Other Projects .....                     |       | 220      | 170      | 173      |
| Total IT Investments .....                         |       | \$1,111  | \$1,127  | \$1,146  |
| <b>Department of Health and Human Services</b>     |       |          |          |          |
| Major Projects .....                               | 99    | 2,383    | 2,750    | 2,795    |
| Significant Projects .....                         | 619   | 706      | 734      | 830      |
| Small and Other Projects .....                     |       | 249      | 229      | 289      |
| Total IT Investments .....                         |       | \$3,338  | \$3,713  | \$3,914  |
| <b>Department of Housing and Urban Development</b> |       |          |          |          |
| Major Projects .....                               | 40    | 144      | 214      | 204      |
| Significant Projects .....                         | 43    | 76       | 83       | 87       |
| Small and Other Projects .....                     |       | 86       | 67       | 78       |
| Total IT Investments .....                         |       | \$306    | \$364    | \$369    |
| <b>Department of the Interior</b>                  |       |          |          |          |
| Major Projects .....                               | 37    | 342      | 356      | 400      |
| Significant Projects .....                         | 142   | 151      | 167      | 146      |
| Small and Other Projects .....                     |       | 67       | 75       | 60       |
| Total IT Investments .....                         |       | \$560    | \$598    | \$606    |
| <b>Department of Justice</b>                       |       |          |          |          |
| Major Projects .....                               | 56    | 849      | 1109     | 1007     |
| Significant Projects .....                         | 72    | 458      | 450      | 496      |
| Small and Other Projects .....                     |       | 101      | 106      | 129      |
| Total IT Investments .....                         |       | \$1,408  | \$1,665  | \$1,632  |

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

| Agency                                     | Count | FY 2000 | FY 2001 | FY 2002 |
|--|-------|---------|---------|---------|
| <b>Department of Labor</b>                 |       |         |         |         |
| Major Projects .....                       | 8     | 51      | 85      | 125     |
| Significant Projects .....                 | 106   | 241     | 289     | 295     |
| Small and Other Projects .....             | ..... | 0       | 0       | 0       |
| Total IT Investments .....                 | ..... | \$292   | \$374   | \$420   |
| <b>Department of State</b>                 |       |         |         |         |
| Major Projects .....                       | 11    | 190     | 158     | 146     |
| Significant Projects .....                 | 2     | 192     | 411     | 467     |
| Small and Other Projects .....             | ..... | 14      | 13      | 21      |
| Total IT Investments .....                 | ..... | \$396   | \$582   | \$634   |
| <b>Department of Transportation</b>        |       |         |         |         |
| Major Projects .....                       | 23    | 940     | 1067    | 1288    |
| Significant Projects .....                 | 134   | 981     | 1162    | 1089    |
| Small and Other Projects .....             | ..... | 199     | 248     | 276     |
| Total IT Investments .....                 | ..... | \$2,120 | \$2,477 | \$2,653 |
| <b>Department of the Treasury</b>          |       |         |         |         |
| Major Projects .....                       | 142   | 2,013   | 2,616   | 2,833   |
| Significant Projects .....                 | 54    | 102     | 112     | 124     |
| Small and Other Projects .....             | ..... | 81      | 64      | 74      |
| Total IT Investments .....                 | ..... | \$2,196 | \$2,792 | \$3,031 |
| <b>Department of Veterans Affairs</b>      |       |         |         |         |
| Major Projects .....                       | 42    | 898     | 1038    | 1096    |
| Significant Projects .....                 | 1     | 1       | 1       | 1       |
| Small and Other Projects .....             | ..... | 190     | 180     | 164     |
| Total IT Investments .....                 | ..... | \$1,089 | \$1,219 | \$1,261 |
| <b>Environmental Protection Agency</b>     |       |         |         |         |
| Major Projects .....                       | 47    | 166     | 186     | 203     |
| Significant Projects .....                 | 23    | 70      | 75      | 78      |
| Small and Other Projects .....             | ..... | 163     | 167     | 169     |
| Total IT Investments .....                 | ..... | \$399   | \$428   | \$450   |
| <b>Federal Emergency Management Agency</b> |       |         |         |         |
| Major Projects .....                       | 13    | 69      | 79      | 82      |
| Significant Projects .....                 | 4     | 55      | 53      | 50      |
| Small and Other Projects .....             | ..... | 0       | 0       | 0       |
| Total IT Investments .....                 | ..... | \$124   | \$132   | \$132   |

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

| Agency   | Count | FY 2000 | FY 2001 | FY 2002 |
|--|-------|---------|---------|---------|
| <b>General Services Administration</b>               |       |         |         |         |
| Major Projects .....                                 | 43    | 277     | 285     | 275     |
| Significant Projects .....                           | 24    | 53      | 58      | 58      |
| Small and Other Projects .....                       |       | 50      | 56      | 56      |
| Total IT Investments .....                           |       | \$380   | \$399   | \$389   |
| <b>National Aeronautics and Space Administration</b> |       |         |         |         |
| Major Projects .....                                 | 37    | 1,411   | 1,511   | 1,425   |
| Significant Projects .....                           | 19    | 614     | 612     | 537     |
| Small and Other Projects .....                       |       | 85      | 107     | 134     |
| Total IT Investments .....                           |       | \$2,110 | \$2,230 | \$2,096 |
| <b>National Science Foundation</b>                   |       |         |         |         |
| Major Projects .....                                 | 1     | 2       | 2       | 2       |
| Significant Projects .....                           | 0     | 0       | 0       | 0       |
| Small and Other Projects .....                       |       | 0       | 0       | 0       |
| Total IT Investments .....                           |       | \$2     | \$2     | \$2     |
| <b>Nuclear Regulatory Commission</b>                 |       |         |         |         |
| Major Projects .....                                 | 3     | 6       | 3       | 3       |
| Significant Projects .....                           | 12    | 23      | 24      | 23      |
| Small and Other Projects .....                       |       | 31      | 29      | 30      |
| Total IT Investments .....                           |       | \$60    | \$56    | \$56    |
| <b>Office of Personnel Management</b>                |       |         |         |         |
| Major Projects .....                                 | 5     | 14      | 29      | 35      |
| Significant Projects .....                           | 7     | 34      | 39      | 44      |
| Small and Other Projects .....                       |       | 9       | 8       | 9       |
| Total IT Investments .....                           |       | \$57    | \$76    | \$88    |
| <b>Patent Trademark Office</b>                       |       |         |         |         |
| Major Projects .....                                 | 16    | 40      | 53      | 46      |
| Significant Projects .....                           | 1     | 55      | 74      | 68      |
| Small and Other Projects .....                       |       | 82      | 113     | 119     |
| Total IT Investments .....                           |       | \$177   | \$240   | \$233   |
| <b>Social Security Administration</b>                |       |         |         |         |
| Major Projects .....                                 | 10    | 119     | 120     | 93      |
| Significant Projects .....                           | 36    | 409     | 426     | 407     |
| Small and Other Projects .....                       |       | 167     | 195     | 202     |
| Total IT Investments .....                           |       | \$695   | \$741   | \$702   |

**Table 22-1. IT PERFORMANCE TABLE—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 1. Agency Summary**

| Agency   | Count | FY 2000  | FY 2001  | FY 2002  |
|--|-------|----------|----------|----------|
| <b>U.S. Agency for International Development</b> |       |          |          |          |
| Major Projects .....                             | 4     | 46       | 54       | 56       |
| Significant Projects .....                       | 0     | 0        | 0        | 0        |
| Small and Other Projects .....                   | ..... | 23       | 26       | 25       |
| Total IT Investments .....                       | ..... | \$69     | \$80     | \$81     |
| <b>All Other Reporting Agencies</b>              |       |          |          |          |
| Total IT Investments .....                       | ..... | \$113    | \$113    | \$144    |
| <b>Total All Agencies IT Investments</b>         |       |          |          |          |
| Major Projects .....                             | 853   | \$18,947 | \$20,998 | \$21,358 |
| Significant Projects .....                       | 2,142 | \$16,859 | \$17,861 | \$17,555 |
| Small and Other Projects .....                   | ..... | \$5,327  | \$5,447  | \$5,781  |
| All Other Reporting Agencies .....               | ..... | \$113    | \$113    | \$144    |
| Total All IT Investments .....                   | ..... | \$41,246 | \$44,419 | \$44,838 |

**Table 22-1. IT Performance Table**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Department of Agriculture (USDA)</b>                               |             |               |               |   |   |
| <b>Service Center Modernization Initiative—Information Technology</b> |             |               |               |   |   |
| Total Investment  | \$12        | \$59          | \$59          | Mission Areas Supported: Farm and Foreign Agricultural Service, Rural Development, Natural Resources and Environment. Supports the following goals: Expand Economic and Trade Opportunities of U.S. Agricultural Producers ; Maintain and Enhance the Nation's Natural Resources and Environment: Enhance the Capacity of All Rural Residents, Communities, and Businesses to Prosper | To improve organizational productivity, accountability, and performance. Establish a common computing environment for USDA Service Centers which includes hardware, software, security, websites, telecommunications, and databases:<br>Target 2001 2002<br>Workstations deployed (%) 100 N/A<br>FSA connectivity in Place (%) 100 N/A<br>Network Servers deployed (%) 100 N/A<br>Application servers deployed (%) N/A 100<br>Common SC webfarms deployed 3 N/A<br>Enhancements to web farm security, services, and connectivity completed (%) N/A 100<br>SC data warehouses operational 2 N/A<br>Compliance with E-file and GPEA Yes Yes |
| Development, Modernization & Enhancement                              | \$12        | \$59          | \$59          |   |   |
| Steady State  | \$0         | \$0           | \$0           |   |   |
| <b>FAIM State Implementation</b>                                      |             |               |               |   |   |
| Total Investment  | \$12        | \$12          | \$15          | Mission Area Supported: Food Safety<br>Goal: Promote Health by Providing Access to Safe, Affordable and Nutritious Food   | This investment supports HACCP and food safety in conjunction with the FSIS FAIM initiative.<br>Target 2001 2002<br>Inspectors Trained 1100 1050<br>Computers deployed 1125 850   |
| Development, Modernization & Enhancement                              | \$12        | \$12          | \$15          |   |   |
| Steady State  | \$0         | \$0           | \$0           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>FS IT Infrastructure IBM (Project 615)</b>         |             |               |               |   |  |
| Total Investment                                      | \$109       | \$123         | \$115         | Mission Area Supported:<br>Natural Resources and Environment<br><br>Goal: Maintain and Enhance the Nation's Natural Resources and Environment | This investment supports the implementation of service-wide technology, which facilitates the access, use and sharing of information to help the Forest Service better achieve its mission.<br>FY 2001: Geographical Information System project work standardized. FY 2002: 90% of major information systems operating with corporate standards and support. |
| Development, Modernization & Enhancement              | \$36        | \$42          | \$37          |   |  |
| Steady State  | \$73        | \$81          | \$78          |   |  |
| <b>Department of Commerce (Commerce)</b>              |             |               |               |   |  |
| <b>Core Commerce Administrative Management System</b> |             |               |               |   |  |
| Total Investment                                      | \$35        | \$40          | \$47          | Financial Management  | FY 2001—Implement systems in 9 bureaus and FY 2002—Implement systems in 11 bureaus   |
| Development, Modernization & Enhancement              | \$29        | \$34          | \$41          |   |  |
| Steady State  | \$6         | \$6           | \$6           |   |  |
| <b>Decennial/Data Capture System 2000</b>             |             |               |               |   |  |
| Total Investment                                      | \$69        | \$34          | \$10          | Census and Surveys  | FY 2001—Successfully completed "Pass 2" data capture operations for Census 2000. Closed Data Capture Centers on Schedule.<br><br>FY 2002—Will successfully perform archiving of Census 2000 data.  |
| Development, Modernization & Enhancement              | \$69        | \$2           | \$0           |   |  |
| Steady State  | \$0         | \$32          | \$10          |   |  |

**Table 22–1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                            | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>Next Generation Weather Radar</b>                               |             |               |               |   |  |
| Total Investment   | \$12        | \$14          | \$14          | Adv. Short-term Warning and Forecast Services   | FY 2001:<br>—Deploy 15% of Radar Product Generator (RPG) systems<br>—Improved detection of small tornadoes<br>FY 2002:<br>—Deploy remaining RPG systems<br>—Improved observation of tornadic and hail storms and faster information delivery to forecasters and private sector   |
| Development, Modernization & Enhancement                           | \$12        | \$14          | \$14          |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>GFDL High Performance Computing</b>                             |             |               |               |   |  |
| Total Investment   | \$16        | \$15          | \$18          | Adv. Short-term Warning and Forecast Services. Imp Seasonal to Inter-annual Climate Forecasts. Predict and Assess Decadal to Centennial Change. | FY 2001:<br>—Improved Hurricane Forecasts<br>—Prototype Next-generation Climate Model<br>FY 2002:<br>—Improved Climate Model Operational<br>—Incorporate Ocean Observations in Climate Model   |
| Development, Modernization & Enhancement                           | \$5         | \$4           | \$7           |   |  |
| Steady State   | \$11        | \$11          | \$11          |   |  |
| <b>Department of Defense (DOD) <sup>3</sup></b>                    |             |               |               |   |  |
| <b>Defense Integrated Military Human Resources System (DIMHRS)</b> |             |               |               |   |  |
| Total Investment   | \$75        | \$74          | \$83          | Functional Area Application supporting Military Personnel and Readiness Strategic Plans   | DIMHRS (1) supports all DoD components at all levels (field through corporate) in peacetime, mobilization, wartime, and beyond their military careers; (2) provides one time entry of data; (3) supports independent operations in the field; (4) interfaces with existing external systems; and (5) provides early, incremental capability. |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| Development, Modernization & Enhancement                 | \$69        | \$69          | \$83          |   |   |
| Steady State   | \$6         | \$5           | \$6           |   |   |
| <b>Electronic Commerce / Electronic Data Interchange</b> |             |               |               |   |   |
| Total Investment   | \$122       | \$109         | \$96          | Communications Infrastructure-Electronic Commerce/ Electronic Data Interchange          | Enhance the revolution in business affairs, reduce costs, streamline functions through use of secure electronic data interchange.   |
| Development, Modernization & Enhancement                 | \$94        | \$83          | \$64          |   |   |
| Steady State   | \$28        | \$27          | \$32          |   |   |
| <b>Defense Enterprise Computing Centers <sup>4</sup></b> |             |               |               |   |   |
| Total Investment   | \$733       | \$765         | \$824         | Computing Infrastructure-Central Processing Activities                                  | Reduced cost of processing by modernizing/consolidating mainframe processing from 71 centers to five centers plus one Legacy site. Reduced overall operating cost of mainframe processing from FY 1990 through FY 2001. Cut support personnel by over 70%. All but 27 Military returned to Services.  |
| Development, Modernization & Enhancement                 | \$25        | \$21          | \$78          |   |   |
| Steady State   | \$707       | \$744         | \$747         |   |   |
| <b>Composite Health Care System II</b>                   |             |               |               |   |   |
| Total Investment   | \$271       | \$333         | \$283         | Functional Area Applications in support of Health Activities                            | Provide every military service member with a comprehensive, life-long medical record of all illnesses and injuries, the care and inoculations they receive, and their exposure to different hazards. This record will help prevent illness and injuries, and identify and help cure those that occur. CHCS II is the core of the FHP Program mandated by Public Law 105-85. |
| Development, Modernization & Enhancement                 | \$66        | \$145         | \$107         |   |   |
| Steady State   | \$204       | \$188         | \$176         |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                            | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|--|--|
| <b>Global Combat Support System (GCSS)</b>           |             |               |               |  |  |
| Total Investment                                     | \$258       | \$328         | \$361         | Communications and Computing Infrastructure and Logistics  | Integration and interoperability initiative to enhance functional applications migration into the Defense Information Infrastructure. GCSS, in conjunction with component info architectures, provide the IT capabilities required to move and sustain joint forces in the DoD Joint Vision 2010. Each functional element provides a combination of functional applications, common HW/SW, shared infrastructure that provide information & communications needed by the Warfighter. |
| Development, Modernization & Enhancement             | \$165       | \$217         | \$249         |  |  |
| Steady State   | \$93        | \$111         | \$112         |  |  |
| <b>Global Command and Control System (GCCS)</b>      |             |               |               |  |  |
| Total Investment                                     | \$358       | \$425         | \$470         | Functional Applications and Communications and Computing Infrastructure in support of Military Command and Control | GCCS provides seamless integration of Service capabilities necessary to conduct joint and multinational operations into the 21st century. A key C4I capability, GCCS supports Joint Vision 2010's objectives, supports the NCA and subordinate elements in synchronized operations   |
| Development, Modernization & Enhancement             | \$173       | \$240         | \$288         |  |  |
| Steady State   | \$185       | \$185         | \$182         |  |  |
| <b>Public Key Infra-structure/Common Access Card</b> |             |               |               |  |  |
| Total Investment                                     | \$88        | \$209         | \$209         | Defense In Depth Information Assurance   | Information Assurance Architecture Key. Provides the PKI infrastructure to protect the communications and computing infrastructure that enabled applications will exploit. NOTE: This number includes PKI-related \$ ("could benefit PKI") not in core PKI program.  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| Development, Modernization & Enhancement             | \$88        | \$209         | \$209         |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>Theater Deployable Communications</b>             |             |               |               |   |  |
| Total Investment                                     | \$81        | \$96          | \$90          | Information Superiority Command and Control Activity  | National Security System—Battlefield command and control   |
| Development, Modernization & Enhancement             | \$74        | \$85          | \$82          |   |  |
| Steady State   | \$7         | \$11          | \$8           |   |  |
| <b>Advanced Field Artillery Tactical Data System</b> |             |               |               |   |  |
| Total Investment                                     | \$104       | \$118         | \$115         | Information Superiority Command and Control Activity  | National Security System—Battlefield command and control   |
| Development, Modernization & Enhancement             | \$102       | \$116         | \$113         |   |  |
| Steady State   | \$2         | \$2           | \$2           |   |  |
| <b>Department of Education</b>                       |             |               |               |   |  |
| <b>EDCAPS Asset Management Subsystem (AMSS)</b>      |             |               |               |   |  |
| Total Investment                                     | \$0         | \$1           | \$1           | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity.<br><br>Last year this was one project. This year it is reported as multiple projects. | For FY01 the project is in the analysis phase of the AMSS. We are determining our requirements from a financial system perspective. Our Office of the Chief Information Officer is the primary developer of the asset management system. |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits |
|--|-------------|---------------|---------------|---|--|
| Development, Modernization & Enhancement | \$0         | \$1           | \$0           |   |  |
| Steady State                             | \$0         | \$0           | \$1           |   |  |

**EDCAPS Contracts and Purchasing Subsystem (CPSS)**

|  |     |     |     |   |  |
|--|-----|-----|-----|---|--|
| Total Investment                         | \$1 | \$2 | \$1 | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity. | FY01: Continue with contractor maintenance and enhancement support for the COMPRIZON.BUY product. Implementing enhancements that will streamline the process for purchase card simplified acquisitions, reducing data entry requirements, and provide for purchase card reconciliations. Implementing our first web functionality, a vendor past performance module to be available 4/23. The Department is also focusing on integrating the product with the new Oracle financial system.<br><br>FY02: Education will be working on a number of enhancements including web receipt of electronic proposals and invoices, electronic signature capability and subcontract report tracking. |
| Development, Modernization & Enhancement | \$0 | \$0 | \$0 |   |  |
| Steady State                             | \$1 | \$2 | \$1 |   |  |

**EDCAPS Financial Management Subsystem (FMSS)**

|  |     |     |     |   |   |
|--|-----|-----|-----|---|---|
| Total Investment                         | \$2 | \$3 | \$3 | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity. | FY01: Implemented the Accounts Receivables portion of the Oracle financial software in October. The Department is maintaining the existing system, i.e.FARS, until it "goes live" with the remainder of the Oracle software in August. For FY02 the Oracle software will become the system of record for the Department of Education and i.e.FARS will be shutdown. |
| Development, Modernization & Enhancement | \$0 | \$0 | \$0 |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>            | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| Steady State                                       | \$2         | \$3           | \$3           |   |   |
| <b>EDCAPS Grants and Payments Subsystem (GAPS)</b> |             |               |               |   |   |
| Total Investment                                   | \$3         | \$3           | \$2           | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity. | FY01: We continue expansion of e-Application program, a web-based application for preparing and submitting grant applications electronically. The goal this year is to include half of ED's grant competitions or 75 programs in this initiative. The Department has also implemented e-Reader functionality allowing peer reviewers to electronically review applications, and e-Reports, which will be available in April and allow both annual grant performance reports to be completed via the Internet.<br><br>FY02 goals include: further expansion of e-Application to all formula and discretionary grant programs; e-Award, which will allow ED to electronically submit grant awards to recipients; piloting electronic signatures within the e-Application software; and e-Admin Action which will provide grantees the ability to request administrative actions via the Internet. |
| Development, Modernization & Enhancement           | \$0         | \$0           | \$0           |   |   |
| Steady State                                       | \$3         | \$3           | \$2           |   |   |
| <b>EDCAPS General Ledger Replacement (GLR)</b>     |             |               |               |   |   |
| Total Investment                                   | \$7         | \$11          | \$3           | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity. | FY01: Implemented the Accounts Receivables portion of the Oracle financial software in October. This was the first piece of the new software to be installed and utilized. The Department's intention is to "go live" with the remainder of the Oracle software in August. For FY02 the Oracle software will become the system of record for the Department of Education.   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>         | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| Development, Modernization & Enhancement        | \$7         | \$11          | \$3           |   |   |
| Steady State                                    | \$0         | \$0           | \$0           |   |   |
| <b>EDCAPS Integration Systems Support (ISS)</b> |             |               |               |   |   |
| Total Investment                                | \$13        | \$14          | \$13          | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity. | For FY01 Continue contractor maintenance and enhancement support. Major implementation efforts focus on the new Oracle financial software and the new travel management software. Education's goal is to have the Oracle software implemented and integrated with core systems, i.e. GAPS, CPSS, by August 2001. The travel management software will come on line October 31. |
| Development, Modernization & Enhancement        | \$0         | \$0           | \$0           |   |   |
| Steady State                                    | \$13        | \$14          | \$13          |   |   |
| <b>EDCAPS Travel Management System</b>          |             |               |               |   |   |
| Total Investment                                | \$0         | \$1           | \$1           | Supports Goal 4 and Objective 4.4, Our information technology investments are sound and used to improve impact and efficiency and Objective 4.6, Management of our programs and services ensures financial integrity  | Purchased Gelco's Travel Manager Software in January 2001, after extensive analysis. In the process of configuring the software and determining initial interface requirements. Education plans on training users beginning later this fiscal year rolling the software out on October 31.  |
| Development, Modernization & Enhancement        | \$0         | \$1           | \$0           |   |   |
| Steady State                                    | \$0         | \$0           | \$1           |   |   |
| <b>Student Financial Assistance</b>             |             |               |               |   |   |
| Total Investment                                | \$442       | \$521         | \$465         | Ensure access to post-secondary education and lifelong learning and assist in developing an efficient and effective IT infrastructure.  | Education has a detailed SFA Performance Plan Summary available.  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits |
|--|-------------|---------------|---------------|---|--|
| Development, Modernization & Enhancement | \$56        | \$59          | \$53          |   |  |
| Steady State                             | \$386       | \$463         | \$412         |   |  |

**Department of Energy (DOE)**

**Organization Site Specific**

|  |      |      |      |                       |   |
|--|------|------|------|-----------------------|---|
| Total Investment                         | \$32 | \$34 | \$35 | Environmental Quality | For FY 2001, please see endnote. <sup>5</sup> |
| Development, Modernization & Enhancement |      |      |      |                       |   |
| Steady State                             |      |      |      |                       |   |

**National Defense Activities**

|                  |      |      |      |  |  |
|------------------|------|------|------|--|--|
| Total Investment | \$41 | \$37 | \$34 | <p>National Nuclear Security</p> <p><b>Mission Area Supported:</b><br/>Provide the Navy with safe, militarily the safety, performance, reliability, and service life of operating personnel effective nuclear propulsion plants, and ensure their continued safe and reliable operation.</p> | <p>NR's performance measures are based on a year of operations, hence none are complete for FY 2001. However, we expect to reach our goals by the end of the fiscal year.</p> <p>FY 2001</p> <p>NS5-1 :Ensure the safety, performance, reliability, and service life of operating reactors.</p> <p>NS5-2: Develop new technologies, methods and materials to support reactor plant design, including the next generation reactor, which will be 93 percent complete by the end of FY 2001, and initiate detailed design efforts on a reactor plant for the next generation aircraft carrier.</p> |
|------------------|------|------|------|--|--|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | <p>NS5-3: Maintain outstanding environmental performance ensure no personnel exceed Federal limits for radiation exposure and non-significant findings result from environmental inspections from State and Federal regulators</p> <p>FY 2002</p> <p>NS5-1 : Ensure the safety, performance, reliability, and service life of operating reactors.</p> <p>NS5-2: Develop new technologies, methods and materials to support reactor plant design, including the next generation reactor, which will be 96 percent complete by the end of FY 2002, and conduct detailed design efforts on a reactor plant for the next generation aircraft carrier.</p> <p>NS5-3: Maintain outstanding environmental performance ensure no no personnel exceed Federal limits for radiation exposure and non-significant findings result from environmental inspections from State and Federal regulators</p> |
| Development, Modernization & Enhancement |             |               |               |   |   |
| Steady State                             |             |               |               |   |   |

**Business Management Information System—Financial Management**

|                  |     |     |      |                      |  |
|------------------|-----|-----|------|----------------------|--|
| Total Investment | \$4 | \$8 | \$10 | Corporate Management | <p>In FY 2001, the BMIS Phoenix project began to implement its contract for integration services for design and installation of a modernized financial management system as part of an ERP solution.</p> <p>Major accomplishments to date:</p> <ul style="list-style-type: none"> <li>—Purchase and successful installation of project hardware, operating system, database and application software</li> <li>—Successful testing of remote access and LAN connectivity</li> </ul> |
|------------------|-----|-----|------|----------------------|--|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | <ul style="list-style-type: none"> <li>—Two “boot camp” training sessions for core team members to prepare for software configuration decisions</li> <li>—Establishment of a communications strategy, monthly newsletter, project website, and a pattern of briefings for key stakeholders</li> <li>—Initiation of a census of key legacy and planned applications that may require interface with the new system</li> <li>—Completion of the initial phase of the project methodology, the “Prepare” phase, and posted the work products on the website. This includes the risk management plan and the quality assurance plan.</li> </ul> <p>Planned milestones:</p> <ul style="list-style-type: none"> <li>—Complete a series of conference room pilots to test key design choices such as the accounting flex field</li> <li>—Complete the “Focus” phase which involves a gap analysis of the software and the work processes</li> <li>—Complete the initial design for the system (Design Phase) FY 2002</li> </ul> <p>Major focus:</p> <ul style="list-style-type: none"> <li>—Go live with the production system at the Capital Area Service Center and the Albuquerque Service Center with their respective related satellite</li> <li>—Complete necessary training of staff, testing, redesign of work processes, interface mapping and development of any necessary administrative procedures prior to the decision to go live</li> </ul> |
| Development, Modernization & Enhancement | \$4         | \$8           | \$10          |   |   |
| Steady State                             | \$0         | \$0           | \$0           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>Department of Health and Human Services (HHS)</b>  |             |               |               |   |  |
| <b>Electronic Research Administration (eRA) (NIH)</b> |             |               |               |   |  |
| Total Investment                                      | \$14        | \$34          | \$35          | The mission of NIH is to work towards uncovering new knowledge that will lead to better health for everyone. One way it does this is by supporting the research of non-Federal scientists in universities, medical schools, hospitals, and research institutions throughout the country and abroad. ERA directly supports that mission by providing the information systems and infrastructure to electronically administer, award and monitor grant applications and awards. | ERA is the comprehensive term used to describe the electronic systems that NIH uses to manage data on grant awards. The goal of eRA—comprised of both legacy and new grants processing systems, and the NIH COMMONS, the prototype system for the Federal Commons, serving as an electronic mall where the grantee community may conduct business electronically with NIH over the Internet—is the capability for end-to-end electronics grants administration.<br><br>In FY 2001 eRA has secured sufficient resources, management support and community engagement to ensure the long term success of the project. FY 2002 targets include increasing reporting capabilities, redesigning the NIH Commons, X-Train, and Committee Management Modules to provide increased capability and flexibility for both NIH staff and grantee institutions. |
| Development, Modernization & Enhancement              | \$3         | \$7           | \$8           |   |  |
| Steady State  | \$11        | \$27          | \$27          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                              | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|--|---|
| <b>MEDLARS Database Updating and Information Retrieval (NIH/NLM)</b> |             |               |               |  |   |
| Total Investment   | \$53        | \$58          | \$67          | Acquire, organize, preserve and disseminate the world's biomedical information for the benefit of the public health. | In 2001 MEDLARS provided biomedical information (biographic references typically including abstracts from over 4300 biomedical journals to health professionals and lay people throughout the nation, via the Internet, at no charge.<br><br>FY 2002 targets include continued improvements in NLM's retrieval interfaces; developing an NLM Gateway that provides simple integrated access to all of NLM's databases and Web-based information for the unsophisticated searcher; improving advanced search and subsetting capabilities; developing easy-to-use access and delivery mechanisms to promote public awareness of health information resources; adding improved and expanded drug information to the Hazardous Substances Data Bank; enhancing the TOXNET web interface; analyzing feedback and developing new metrics to evaluate NLM's computer-based services and their accessibility. |
| Development, Modernization & Enhancement                             | \$37        | \$20          | \$24          |  |   |
| Steady State   | \$17        | \$38          | \$43          |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                       | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>Expanded Federal Parent Locator Service (eFPLS) (OCSE)</b> |             |               |               |   |  |
| Total Investment  | \$38        | \$37          | \$37          | <p>A. Establish parentage for all children ;</p> <p>B. Ensure that all children in IV-D cases have financial and medical support orders; and</p> <p>C. Obtain financial and medical support from both parents for all children in IV-D cases.</p> | <p>The expanded FPLS assists States in locating parents, establishing support orders and enabling child support collections, as well as in establishing paternity and medical support orders. Using the expanded FPLS, OCSE was able to provide States information on over 3 million non-custodial parents and putative fathers. With 4,231 financial institutions participating in the Multistate Financial Institution Data Match (MSFIDM), its Inquiry File containing 4.5 million obligators has resulted in 1 million matched accounts, with a value of \$2.5 billion (from more than 690,000 delinquent obligators) being distributed each quarter to States. For FY 2002, OCSE projects that 96% of all children will have parentage established, and 64% of all children in IV-D cases will have financial and medical support orders.</p> |
| Development, Modernization & Enhancement                      | \$8         | \$8           | \$4           |   |  |
| Steady State  | \$30        | \$29          | \$33          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>      | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>             | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>Adverse Events Reporting (AERS) (FDA)</b> |             |               |               |   |   |
| Total Investment                             | \$12        | \$4           | \$8           | AERS supports the FDA performance goal to streamline the adverse events reporting system for drugs. | In FY 2001, the goal to provide the capability to process 100% of adverse events reports submitted from industry electronically was met. Spontaneous reporting (from health professionals) is considered to be the most robust method for identifying new and previously unknown safety issues. In FY 2002, AERS will be evaluated against its established performance metrics to determine its effectiveness. This will include reviewing the time-frame for receiving incoming reports, the cost of processing reports and the total volume of paper received |
| Development, Modernization & Enhancement     | \$3         | \$2           | \$2           |   |   |
| Steady State                                 | \$9         | \$2           | \$6           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                   | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Managed Care Encounter Data/Risk Adjustment (HCFA)</b> |             |               |               |   |   |
| Total Investment  | \$18        | \$14          | \$13          | Foster excellence in the design and administration of HCFA's programs. (APP Goal FAC4-01: Develop New Medicare Payment Systems in Fee-for-Service and Medicare+ Choice) | The program benefit of this project is the implementation of a payment system that more accurately reimburses managed care organizations for their enrollees, paying MCOs less for healthy beneficiaries and more for sicker beneficiaries, and producing program savings, while encouraging plans to enroll and treat sicker beneficiaries. Implementation of the encounter data processing is taking place in three phases: (1) implementation of processing of inpatient, physician, and outpatient data; (2) development and testing of comprehensive risk adjuster model; (3) implementation of comprehensive model for payments beginning January 1, 2004. Phase 1 was completed in FY 2001. The goal for FY 2002 is completion of Phase 2. |
| Development, Modernization & Enhancement                  | \$18        | \$14          | \$13          |   |   |
| Steady State  | \$0         | \$0           | \$0           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|--|---|
| <b>Medicare Managed Care Systems Redesign (HCFA)</b> |             |               |               |  |   |
| Total Investment                                     | \$15        | \$15          | \$18          | <p>Foster excellence in the design and administration of HCFA's programs.</p> <p><i>and</i></p> <p>Promote beneficiary and public understanding of HCFA and its programs (APP Goal MB4-01: Improve Medicare's administration of the beneficiary appeal process.)</p> | <p>Redesign is needed in the currently outdated legacy systems for beneficiary enrollment, beneficiary payment calculation, and MCO payment to ensure continued viability of the systems and responsiveness to new program demands. The appeal process is a critical safeguard available to Medicare beneficiaries enrolled in MCOs, allowing beneficiaries to challenge denials of service/care. MMCS Redesign will provide a system for collection of plan-level appeal data for MCO oversight and quality of care monitoring by HCFA.</p> <p>This project is being completed in two stages. Completion of Stage 1 will result in redesigned beneficiary payment and enrollment functions. Completion of Stage 2 produces a redesigned Managed Care Organization payment function. Analysis and design phase of Stage 1 will be completed in FY 2001. System development will continue in FY 2002, and is planned for implementation in FY 2003. Project completion is expected in FY 2003.</p> |
| Development, Modernization & Enhancement             | \$15        | \$15          | \$18          |  |   |
| Steady State   | \$0         | \$0           | \$0           |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>Payment Management System</b>         |             |               |               |   |  |
| Total Investment                         | \$5         | \$5           | \$5           | Grants payment and cash management support.   | In 2001 PMS provided a centralized electronic payment and cash management service to all organizations receiving Federal grants and contracts. <ul style="list-style-type: none"> <li>• We met the goal of 15,000 for number of recipient organizations reporting electronically.</li> <li>• We met the goal of completing audit resolutions within six months of receipt.</li> </ul> 2002 targets include:<br>PMS will increase the non-HHS customer base serviced. <ul style="list-style-type: none"> <li>• Increase the number of recipient organizations reporting electronically.</li> <li>• Increase the level of customer satisfaction with PMS.</li> </ul> |
| Development, Modernization & Enhancement | \$3         | \$0           | \$0           |   |  |
| Steady State                             | \$2         | \$5           | \$5           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>National Practitioner Data Bank (NPDB) (HRSA)</b> |             |               |               |   |  |
| Total Investment                                     | \$14        | \$17          | \$17          | Assure Quality of Care  | The NPDB collects and releases certain information related to the professional competence and professional conduct of physicians, dentists, and other health care practitioners. The database improves the health care practitioner credentialing process by making information available to eligible entities on (1) medical malpractice payments made on behalf of physicians, dentists, and other licensed health care practitioners, and (2) adverse actions taken against physicians and dentists by State licensing authorities, hospitals and other health care entities, and professional societies. The NPDB also encourages professional peer review and restricts the ability of incompetent health care practitioners to move from State to State without discovery of previous substandard performance or unprofessional conduct. The use of the NPDB is estimated to increase in FY 2001 and level off in FY 2002. An estimated 4.3 million queries to the NPDB are projected in FY 2001 and FY 2002. The NPDB is fully financed by user fees. |
| Development, Modernization & Enhancement             | \$0         | \$0           | \$0           |   |  |
| Steady State   | \$14        | \$17          | \$17          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                             | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Healthcare Integrity and Protection Data Bank (HIPDB) (HRSA)</b> |             |               |               |   |   |
| Total Investment  | \$4         | \$4           | \$8           | Assure Quality of Care  | The HIPDB collects data on all final adverse actions (such as revocations, suspensions, exclusions, criminal convictions and civil judgments) against health care providers, suppliers, and practitioners. Health plans and federal and state programs and officials (including licensing agencies, certification agencies, criminal prosecutors, government attorneys participating in civil cases, and agencies taking program exclusion actions) are required to report to the HIPDB. Federal and State agencies and health plans are permitted to query the HIPDB. The HIPDB is operated in conjunction with the NPDB, and is fully financed by user fees. The HIPDB, which opened for querying on March 6, 2000, is projected to receive an estimated 1.8 million queries in FY 2001 and 2.0 million queries in FY 2002. |
| Development, Modernization & Enhancement                            | \$1         | \$0           | \$0           |   |   |
| Steady State  | \$3         | \$4           | \$8           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>RPMS (IHS)</b>                        |             |               |               |   |  |
| Total Investment                         | \$27        | \$29          | \$32          | Provide Health Services and Perform Core Functions and Advocacy                         | <p>FY2001 Achieved: Enhanced 3rd Party Billing package to allow electronic billing of the HCFA-1500-E and UB-92; provided support for reprinting electronic claims; provided support for multiple billing locations and billing for sites not designated as satellite clinics.</p> <p>Enhanced the Accounts Receivable package to include importing of Explanation of Benefits files from Medicare; automated review, posting, and adjustment of Medicare claims; flat rate posting, and additional reports.</p> <p>FY2002 Planned:</p> <p>In addition to upgrading software required to improve the RPMS infrastructure, specific emphasis will be placed upon data quality, billing and accounts receivable packages, as well as clinical support components. Upgrading data set exports will include the Patient Statistical Record, ORYX and GPRA measures. These upgrades will provide the ability to extract clinical and financial data to determine best practices in a more secure environment.</p> |
| Development, Modernization & Enhancement | \$11        | \$12          | \$13          |   |  |
| Steady State                             | \$16        | \$17          | \$19          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                                      | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|--|--|
| <b>National Electronic Disease Surveillance System (NEDSS) (CDC)</b> |             |               |               |  |  |
| Total Investment with Extramural                                     | \$19        | \$27          | \$28          | This initiative supports the agency's mission of promoting health and quality of life by preventing and controlling disease. | <p>Goal 1: Pilot projects will develop and test electronic linkages between public health agencies and the health care sector.</p> <p>FY01: CDC funded 14 states to develop elements of a capacity to link with managed care, hospitals, or other health care providers.</p> <p>FY02: CDC plans to fund 10 more states in such element development.</p> <p>Goal 2: National data standards for surveillance and reporting will be developed including data definitions and a common user interface and system architecture; and a secure pipeline for surveillance reporting.</p> <p>FY01: The Base System for NEDSS in 2 states will pilot common data standards.</p> <p>FY02: Common data standards will be expanded to 10 additional states.</p> <p>Goal 3: Increase CDC-developed surveillance systems incorporating enhanced security measures for most surveillance reporting.</p> <p>FY01: 80% of states are transmitting secure surveillance data to CDC.</p> <p>FY02: 100% of states to transmit securely.</p> <p>Goal 4: Increase the percentage of CDC's web-based surveillance systems which have implemented enhanced security measures for Internet transmission of case-level data.</p> <p>FY01: 80% of surveillance systems have implemented the transmission of case-level surveillance data using the Secure Data Network (SDN).</p> |
| Total Intramural Investment  | \$5         | \$7           | \$7           |  |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
|   |             |               |               |   | FY02: 100% of surveillance systems will implement the transmission of case-level surveillance data using the Secure Data Network (SDN). |
| Development, Modernization & Enhancement (Intramural) | \$4         | \$5           | \$5           |   |   |
| Steady State (Intramural)                             | \$1         | \$2           | \$2           |   |   |

**Department of Housing and Urban Development (HUD)****Departmental Grants Management System (DGMS)**

|  |     |     |     |  |   |
|--|-----|-----|-----|--|---|
| Total Investment                         | \$6 | \$5 | \$9 | Agency Strategic Goal 5: Ensure public trust in HUD. | DGMS development will address 90% of Module 1 Priority 1 grantee and HUD functionality for 15 percent of HUD's grant programs (16 out of 101 grant programs).<br><br>A minimum of three Public Interests Groups will receive quarterly updates of the status on the development effort. |
| Development, Modernization & Enhancement | \$6 | \$5 | \$4 |  |   |
| Steady State                             | \$0 | \$0 | \$5 |  |   |

**Tenant Assessment Subsystems**

|  |     |     |     |  |  |
|--|-----|-----|-----|--|--|
| Total Investment                         | \$2 | \$2 | \$2 | Agency Strategic Goals 1 and 5: 1) Increase the availability of decent, safe, and affordable housing in american communities and 5) ensure public trust. | Increase the availability of rental assistance by identifying over-subsidized and ineligible households and facilitating housing agency/owner/agent actions to terminate rental assistances to ineligible households.<br><br>Increase timeliness of SS and SSI reports delivery to local administrators of rental assistance programs. Reports delivered for tenants scheduled to recertify delivered within 3 months of the first day of the scheduled recertification month. |
| Development, Modernization & Enhancement | \$2 | \$1 | \$1 |  |  |
| Steady State                             | \$0 | \$2 | \$1 |  |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>     | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                                     | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Empowerment Information System (EIS)</b> |             |               |               |   |   |
| Total Investment                            | \$8         | \$8           | \$9           | Agency Strategic Goal 5: Ensure Public Trust  | For FY2001, there are 66 sub-objectives under 5 broader strategic goals. The EIS will provide data in support of at least 10% (20 of 66) of these strategic sub-objectives this year.<br><br>Develop a data-warehouse strategy and plan that meets 100% compliance with the guidelines of the revised OMB Circular A-16.  |
| Development, Modernization & Enhancement    | \$8         | \$7           | \$7           |   |   |
| Steady State                                | \$0         | \$1           | \$2           |   |   |
| <b>Department of the Interior</b>           |             |               |               |   |   |
| <b>Trust Fund Accounting System (TFAS)</b>  |             |               |               |   |   |
| Total Investment                            | \$15        | \$15          | \$15          | Ensure Proper and efficient discharge of the Secretary's Trust Fund responsibility to Indian Tribes and individual Indians. | Goals for improving trust fund management are described in a comprehensive High Level Implementation Plan (March 2000) for Indian Trust Management Improvement.<br><br>The Office of the Special Trustee for American Indians completed conversion of over 263,000 tribal and Individual Indian Monies accounts to TFAS in March 2000. TFAS provides quarterly statements to account holders. |
| Development, Modernization & Enhancement    | \$15        | \$0           | \$0           |   |   |
| Steady State                                | \$0         | \$15          | \$15          |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                        | 2000 Actual | 2001 Estimate     | 2002 Proposed     | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                                  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|-------------------|-------------------|--|---|
| <b>Minerals Revenue Management (MRM) System Re-engineering</b> |             |                   |                   |  |   |
| Total Investment   | \$15        | \$17              | \$9               | Provide timely, accurate, and cost-effective mineral royalty collection and disbursement services.                       | Reengineered systems are being implemented during FY2001. During FY2002, MRM will continue to make progress toward its goals to:<br>Increase the proportion of revenues available to recipients within 24 hours<br>Increase the timeliness and accuracy of revenue payment and reports<br>Accelerate revenue compliance review processes<br>Improve cost effectiveness  |
| Development, Modernization & Enhancement                       | \$15        | \$15              | \$0               |  |   |
| Steady State   | \$0         | \$2               | \$9               |  |   |
| <b>Trust Asset and Accounting Management System (TAAMS)</b>    |             |                   |                   |  |   |
| Total Investment   | \$15        | <sup>6</sup> \$19 | <sup>6</sup> \$20 | Ensure proper and efficient discharge of Secretary's Trust Asset responsibility to Indian Tribes and individual Indians. | Goals for improving trust fund management are described in a comprehensive High Level Implementation Plan (March 2000) for Indian Trust Management Improvement.<br>TAAMS consists of four component modules for managing Indian land titles and records, realty leases, real estate appraisals, and probates. The land title and records module is operational in four BIA regions, with deployment planned to other regions during 2001 and 2002. The lease module is expected to begin deployment in 2001. The appraisal and probate modules are under development. |
| Development, Modernization & Enhancement                       | \$15        | \$14              | \$12              |  |   |
| Steady State   | \$0         | \$0               | \$2               |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>               | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Department of Justice (DOJ)</b>                                    |             |               |               |   |   |
| <b>Integrated Automated Fingerprint Identification System (IAFIS)</b> |             |               |               |   |   |
| Total Investment  | \$42        | \$49          | \$39          | Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local and Community-Based Programs. | <p>Performance Goals achieved in FY 2001: the average turnaround time for Electronic Criminal Answer Required 10-print requests for November 2000 was 2.59 hours and the average turnaround time for Electronic Civil 10-Print Requests for November 2000 was 4.35 hours.</p> <p>Performance Goals FY 2002: an average turnaround time of two hours on all electronic criminal fingerprint submissions, with 99% of all responses being completed within 3 hours. In addition, an average turnaround time of 24 hours on all electronic civil fingerprint submissions with 99% of all responses being completed within 48 hours.</p> <p>Performance Benefits for FY 2002: IAFIS is the FBI's technologically advanced, automated fingerprint identification system. IAFIS provides enhanced system capabilities and reliability, a rapid response time, electronic submission and transfer of fingerprint and criminal history information, remote searches of FBI criminal and fingerprint database information, and enhanced latent fingerprint search capabilities. These valuable investigative tools support law enforcement in taking criminals off the street and preventing unqualified persons from securing employment sensitive positions.</p> |
| Development, Modernization & Enhancement                              | \$0         | \$11          | \$0           |   |   |
| Steady State  | \$42        | \$38          | \$39          |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>               | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>National Crime Information Center (NCIC 2000)</b> |             |               |               |   |   |
| Total Investment                                     | \$14        | \$12          | \$9           | Prevent and Reduce Crime and Violence by Assisting State, Tribal, Local and Community-Based Programs. | Performance Goals achieved in FY 2001: 99.72% actual system availability as compared to performance goal of 99.5%.<br>Performance Goals FY 2002: 99.5% system availability.<br>Performance Benefits for FY 2002: NCIC enables the law enforcement community to collect, store, and retrieve data related to wanted persons, deported felons, violent felony offenders, missing persons, unidentified persons, stolen vehicles, boats and parts, stolen articles, stolen guns, stolen securities, violent gang and terrorist organization groups. NCIC responds to queries within two seconds. |
| Development, Modernization & Enhancement             | \$0         | \$3           | \$0           |   |   |
| Steady State   | \$14        | \$9           | \$9           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>               | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>        | Performance Goals Achieved in Fy 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|--|--|
| <b>Integrated Surveillance Systems Program (ISIS)</b> |             |               |               |  |  |
| Total Investment                                      | \$18        | \$35          | \$35          | Fairly and Effectively Administer the Immigration and Naturalization Laws of the United States | The use of this camera technology provides day and night observation of the border. ISIS permits the Border Patrol to count illegal crossers and determine the number of apprehensions, turn-backs, and get-aways at each site while greatly increasing officer safety as agents respond to illegal incursions. During FY 2000, 59 systems were deployed to the Southwest Border, with 70 systems planned for deployment during FY 2001. In addition to its effectiveness in observation and apprehension, ISIS is responsible for reducing the man hours previously required for officers to respond to false sensor activations. ISIS is also proving to be a deterrent to illegal crossing in and around areas of deployment. As system performance and data tracking methodology, along with personnel resources to monitor and update data, are enhanced, performance measures will be formalized and reporting requirements established. |
| Development, Modernization & Enhancement              | \$10        | \$26          | \$22          |  |  |
| Steady State  | \$8         | \$9           | \$13          |  |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup> | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Firebird</b>                         |             |               |               |   |   |
| Total Investment                        | \$55        | \$88          | \$118         | Mission Area II: Keep America Safe by Enforcing Federal Criminal Laws.                  | <p>DEA is currently in the process of defining program performance measures related to the Firebird infrastructure which will be set in place during the FY 2003 budget cycle. To date, DEA emphasis has been the worldwide deployment and sustainment of Firebird.</p> <p>While there have been measurable improvements in terms of communication and collaboration related to investigative and case information across the DEA with the implementation of the Firebird network, the most significant, program-related improvements will be realized with the application environment that a fully deployed Firebird will make possible. For example, in FY2001 Firebird provides the platform for DEA's automated booking system, the Firebird Booking Service (FBS) which reduces the average processing time for fingerprint processing from two weeks to under two hours. As a result, an agent now has critical identification and criminal history information about the arrestee while the individual is still in custody.</p> |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | <p>The completion of the deployment of Firebird and the implementation of improved case management techniques on Firebird are FY 2002 performance goals that will result in the availability of investigative information across DEA in a matter of days rather than weeks. Current accurate information available in a timely manner is a valued commodity. DEA's goal with investigative information is to make this perishable information readily available to agents across jurisdictional lines while the information is still relevant, making better cases and identifying more complete drug organizations. The Department's ultimate goal, when Firebird is completely deployed, is to add applications that will enable case information to be immediately available to agents who may be working cases against the same suspects.</p> |
| Development, Modernization & Enhancement | \$27        | \$38          | \$68          |   |   |
| Steady State                             | \$28        | \$50          | \$50          |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>Department of Labor (DOL)</b>         |             |               |               |   |   |
| <b>Enterprise Architecture</b>           |             |               |               |   |   |
| Total Investment                         | 7 \$0       | 7 \$18        | 7 \$51        | A Prepared Workforce; A Secure Workforce; Quality Workplaces                            | The Department's IT Strategic Plan includes the establishment of an Enterprise Architecture that allows for information to be shared internally and externally. During the development of the target architecture, it became apparent that the Department could immediately benefit by having one standard desktop environment to support office automation needs. Expected tangible benefits include reduced business and IT costs, improved employee productivity, the ability to achieve economies of scale through resource sharing, and improved service to the American public. This initiative enables the Department's employees to work collaboratively together in a "one Department" environment, sharing program information seamlessly across organizational boundaries. |
| Development, Modernization & Enhancement | \$0         | \$18          | \$25          |   |   |
| Steady State                             | \$0         | \$0           | \$16          |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual      | 2001 Estimate    | 2002 Proposed     | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|------------------|------------------|-------------------|---|--|
| <b>Office Automation</b>                 |                  |                  |                   |   |  |
| Total Investment                         | <sup>7</sup> \$0 | <sup>7</sup> \$9 | <sup>7</sup> \$11 | A Prepared Workforce; A Secure Workforce; Quality Workplaces                            | <p>The Department's IT Strategic Plan includes the establishment of an IT Architecture that allows for information to be shared internally and externally. This initiative will ensure a secure, reliable, and flexible infrastructure and processing environment for the department.</p> <p>This crosscutting initiative will benefit every agency through improved information sharing, interoperability, better leveraging of scarce resources, and the ability to meet new requirements such as web services, teleconferencing, electronic record keeping, distance learning, and security. Progress made on reaching the target architecture will also provide the infrastructure needed to further the use of common administrative systems and IT tools. When agencies' IT systems operate more efficiently, the Department can better serve its constituents including the job seekers, wage earners, and retirees of the United States, as well as their employers.</p> |
| Development, Modernization & Enhancement | \$0              | \$9              | \$4               |   |  |
| Steady State                             | \$0              | \$0              | \$7               |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>(Common Administrative Systems) People Power 2000</b> |             |               |               |   |   |
| Total Investment   | \$8         | \$10          | \$16          |   | This initiative will modernize the Department's Human Resources (HR) and payroll reprocessing system through implementation of a Commercial-Off-The-Shelf (COTS) solution. The initiative improves and implements new technology in support of process re-engineering that establishes an environmental foundation for implementation of e-commerce processing functionality. The system reduces the administrative burden of paper-initiated actions, streamlines processing of HR and Payroll actions, and improves accuracy, record keeping and workflow throughout the entire Department. |
| Development, Modernization & Enhancement                 | \$5         | \$7           | \$11          |   |   |
| Steady State   | \$3         | \$3           | \$5           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                     | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>Modernization of Departmental Core Accounting System</b> |             |               |               |   |  |
| Total Investment  | \$5         | \$6           | \$7           | A Secure Workforce; Quality Workplaces  | The Department of Labor's core accounting system (DOLAR\$) is the system of record for transactions involving the Department's financial resources. The integrity of this central system and its ability to produce timely and accurate data are essential to the stewardship of those resources. Despite its usefulness for over a decade, DOLAR\$ is approaching the end of its life cycle. In addition, integrated financial management systems must increasingly support program managers, financial managers, and budget analysts simultaneously. Transition to a new core accounting system will ensure that the Department remains compliant with legislatively prescribed standards that require compliance with the Joint Financial Management Program's functional requirements for core accounting systems and that cost data can be captured in accordance with the Federal Accounting Standards Advisory Board's Standard #4. |
| Development, Modernization & Enhancement                    | \$3         | \$4           | \$5           |   |  |
| Steady State  | \$2         | \$2           | \$2           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>   | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>Employee Retirement Income Security Act Filing Acceptance System (EFAST)</b> |             |               |               |   |  |
| Total Investment  | \$14        | \$9           | \$9           | A Secure Workforce  | The EFAST program will have completed its transition to "Steady State" operations in FY2001. FY2002 will be its first full fiscal year of "Steady State" operations. EFAST has met both its Cost and Schedule baseline goals for its development and scale-up phases (FY1998 FY 2001). Quantified specifics on these two performance goals are reflected in the program's FY2002 Exhibit 300B, submitted January 2001.<br>This will be the last year that this project will be reported in Table 22-1. |
| Development, Modernization & Enhancement  | \$4         | \$0           | \$0           |   |  |
| Steady State  | \$10        | \$9           | \$9           |   |  |
| <b>Department of State</b>  |             |               |               |   |  |
| <b>A Logical Modernization Approach</b>   |             |               |               |   |  |
| Total Investment  | \$10        | \$12          | \$30          | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Refresh unclassified infrastructure at 25% of posts and FY2002: Refresh unclassified infrastructure at 25% of posts, and deploy hardware and software needed for overseas internet access via unclassified network at all posts  |
| Development, Modernization & Enhancement  | \$2         | \$2           | \$20          |   |  |
| Steady State  | \$8         | \$10          | \$10          |   |  |
| <b>Classified Connectivity Program</b>  |             |               |               |   |  |
| Total Investment  | \$5         | \$8           | \$97          | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Deploy modernized classified IT infrastructure to 37 overseas posts, and FY2002: Deploy modernized classified IT infrastructure and office automation to 95 posts.   |
| Development, Modernization & Enhancement  | \$5         | \$8           | \$97          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>E-mail Operations</b>                             |             |               |               |   |  |
| Total Investment                                     | \$8         | \$8           | \$10          | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Ongoing worldwide E-mail operations, Deploy enhanced operational support and e-mail network protection. FY2002: Ongoing Worldwide E-mail operations and improved e-mail virus detection and firewalls.   |
| Development, Modernization & Enhancement             | \$2         | \$2           | \$4           |   |  |
| Steady State   | \$6         | \$6           | \$6           |   |  |
| <b>Enterprise Network Management</b>                 |             |               |               |   |  |
| Total Investment                                     | \$9         | \$10          | \$15          | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: 7x24 Three Tier Network Management for unclassified IP networks, further consolidation of IP network management, upgrade systems management tools worldwide. FY2002: 7x24 network management for all departments IP infrastructure networks, and increased redundancy and capacity to support PDD-63 and Department initiatives such as internet access. |
| Development, Modernization & Enhancement             | \$3         | \$3           | \$8           |   |  |
| Steady State   | \$7         | \$7           | \$7           |   |  |
| <b>Enterprise Software—Licensing and Maintenance</b> |             |               |               |   |  |
| Total Investment                                     | \$5         | \$4           | \$5           | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Implement Oracle and Server backup licenses. Combine IOS maintenance and service contracts. FY2002: Enterprise Oracle licenses continued.  |
| Development, Modernization & Enhancement             | \$3         | \$2           | \$3           |   |  |
| Steady State   | \$2         | \$2           | \$2           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>            | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>Foreign Affairs System Integration IT Pilot</b> |             |               |               |   |  |
| Total Investment                                   | \$1         | \$17          | \$0           | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Implement FASI Collaboration Zone prototype. Begin Deployment of Foreign Affairs Common IT Platform to pilot sites Mexico and India and FY2002: fully deploy FASIP pilot and analyze pilot results   |
| Development, Modernization & Enhancement           | \$1         | \$17          | \$0           |   |  |
| Steady State                                       | \$0         | \$0           | \$0           |   |  |
| <b>Technology Infrastructure</b>                   |             |               |               |   |  |
| Total Investment                                   | \$201       | \$230         | \$332         | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Ongoing infrastructure refresh, Help Desk, Security Services<br>FY2002: Ongoing infrastructure maintenance<br><ul style="list-style-type: none"> <li>Worldwide Internet Access via unclassified network fully deployed</li> <li>Enterprise-wide unclassified infrastructure certified and accredited</li> <li>Deploy HW/SW needed for domestic Internet access via unclassified network</li> </ul> |
| Development, Modernization & Enhancement           | \$60        | \$92          | \$192         |   |  |
| Steady State                                       | \$141       | \$138         | \$140         |   |  |
| <b>ILMS Integrated Logistics Management System</b> |             |               |               |   |  |
| Total Investment                                   | \$2         | \$10          | \$13          | Diplomatic Readiness: Information   | FY2001: ILMS components developed and tested<br>FY2002<br>Implementation of ILMS in A/LM and key bureaus   |
| Development, Modernization & Enhancement           | \$2         | \$10          | \$11          |   |  |
| Steady State                                       | \$0         | \$0           | \$2           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>      | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>Applications and Software Development</b> |             |               |               |   |   |
| Total Investment                             | \$7         | \$14          | \$14          | Diplomatic Readiness: Information   | FY2001<br>Streamline and integrate administrative applications<br>FY2002<br>Streamline and integrate administrative applications<br>Access to medical records electronically        |
| Development, Modernization & Enhancement     | \$5         | \$11          | \$11          |   |   |
| Steady State                                 | \$2         | \$3           | \$3           |   |   |
| <b>IMPACT Section 508 Initiative</b>         |             |               |               |   |   |
| Total Investment                             | \$1         | \$1           | \$1           | Diplomatic Readiness: Human Resources   | FY2001: Identification of Section 508 bureau requirements and guidance for bureaus and<br>FY2002: Ongoing bureau compliance   |
| Development, Modernization & Enhancement     | \$1         | \$1           | \$1           |   |   |
| Steady State                                 | \$0         | \$0           | \$0           |   |   |
| <b>Training</b>                              |             |               |               |   |   |
| Total Investment                             | \$2         | \$2           | \$2           | Diplomatic Readiness: Human Resources   | FY2001: Ongoing ALMA training and distance learning support and<br>FY2002:<br>Ongoing ALMA training and Open Net+ security training and CCP user and system administrative training |
| Development, Modernization & Enhancement     |             |               |               |   |   |
| Steady State                                 | \$2         | \$2           | \$2           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                        | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>All Other IT Infrastructure and Office Automation</b>       |             |               |               |   |  |
| Total Investment   | \$209       | \$237         | \$243         | Diplomatic Readiness: Infrastructure and Operations                                     | FY2001: Ongoing Desktop and LAN refresh and maintenance and FY2002: Ongoing Desktop and LAN refresh and maintenance  |
| Development, Modernization & Enhancement                       |             |               |               |   |  |
| Steady State   | \$209       | \$237         | \$243         |   |  |
| <b>Department of Transportation (DOT)</b>                      |             |               |               |   |  |
| <b>Standard Terminal Automation Replacement System (STARS)</b> |             |               |               |   |  |
| Total Investment   | \$195       | \$179         | \$171         | Mobility  | The performance goal to reduce delays to 171 delays per 100,000 activities for 2000 was not met because of external factors such as weather conditions being worse than normal. The FY 2002 goal is to reduce delays from 250 per 100,000 activities to 171 per 100,000 activities                     |
| Development, Modernization & Enhancement                       | \$195       | \$179         | \$171         |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>Oceanic Automation System</b>                               |             |               |               |   |  |
| Total Investment   | \$63        | \$89          | \$164         | Mobility  | The performance goal for FY 2002 is to increase flight route flexibility by 3% in FY 2001 and 5% in FY 2002. Significant savings will result from shorter and more direct flight routes. Since the contract for oceanic automation has not been awarded, there are no performance results for FY 2000. |
| Development, Modernization & Enhancement                       | \$27        | \$52          | \$87          |   |  |
| Steady State   | \$36        | \$37          | \$77          |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>     | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|---|-------------|---------------|---------------|---|---|
| <b>Flight Phase I</b>                       |             |               |               |   |   |
| Total Investment                            | \$180       | \$170         | \$121         | Mobility  | The performance goal for FY 2002 is to increase flight route flexibility by 3% in FY 2001 and 5% in FY 2002. Significant savings will result from shorter and more direct flight routes, and potential delay reductions at major airports. Since only portions of Free Flight Phase 1 (FFP1) are operational and the remaining components of FFP1 are planned to be operational by the end of FY 2002, performance cannot be fully measured until 2002. |
| Development, Modernization & Enhancement    | \$180       | \$170         | \$121         |   |   |
| Steady State                                | \$0         | \$0           | \$0           |   |   |
| <b>Wide Area Augmentation System (WAAS)</b> |             |               |               |   |   |
| Total Investment                            | \$84        | \$119         | \$196         | Safety, Mobility  | The FY 2000 goal of publishing 500 procedures for airport approaches relying on the GPS satellite navigation system, augmented by WAAS, was exceeded. The FY 2002 goal more specifically addresses all weather access by proposing to increase the number of runways that are accessible in poor weather conditions from 1,191 to 1,354.  |
| Development, Modernization & Enhancement    | \$83        | \$78          | \$75          |   |   |
| Steady State                                | \$1         | \$41          | \$121         |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>Department of the Treasury</b>        |             |               |               |   |  |
| <b>ACE Software Development</b>          |             |               |               |   |  |
| Total Investment                         | \$0         | \$85          | \$228         | Enforcement   | <p>Contract award for this project is planned during FY2001. We will work with the contractor and Customs staff to document and baseline multiple performance areas, such as:</p> <p>Automating time-consuming and labor-intensive truncations, reducing requirements for filing, providing national views of importer activity, achieving national perspective for enforcement violations, enabling faster cycle time at borders, allowing remote filing locations, reducing data entry by importers and the government, reducing filings for importers and brokers, Consolidating individual payments and credits into one periodic national payment (account-based processing), consolidating operations for the import trade, improving Customs operations management, improving Customs targeting and analytical capabilities, improving system reliability and enhance Customs ability to handle the continual growth in trade volume.</p> |
| Development, Modernization & Enhancement | \$0         | \$85          | \$228         |   |  |
| Steady State                             | \$0         | \$0           | \$0           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>ACS Life Support</b>                  |             |               |               |   |   |
| Total Investment                         | \$67        | \$123         | \$123         | Enforcement   | 2001<br>—Ability to provide the trade with better reliability faster response times and enhanced capabilities.<br>—Ability to meet increased trade volume and expanding mission requirements.<br>2002<br>—Provide reliable database environment that will guard against unscheduled outages.<br>—Ability to capture ACS programs in a single repository to help retain knowledge of complex system as programmers and analysts who built the system retire. |
| Development, Modernization & Enhancement | \$35        | \$56          | \$0           |   |   |
| Steady State                             | \$32        | \$67          | \$123         |   |   |
| <b>Integrated Treasury Network</b>       |             |               |               |   |   |
| Total Investment                         | \$0         | \$30          | \$25          | Enforcement   | For FY02: 40% of Treasury LMR assets converted to narrowband. Infrastructure conversion of 2 regions to narrowband.<br>OTAR/DATA network installed in 2 regions.  |
| Development, Modernization & Enhancement | \$0         | \$30          | \$25          |   |   |
| Steady State                             | \$0         | \$0           | \$0           |   |   |
| <b>International Trade Data System</b>   |             |               |               |   |   |
| Total Investment                         | \$6         | \$5           | \$5           | Enforcement   | 2003—Reduction of Government and trade community processing time and costs<br>2004—Elimination of duplicate Government trade data systems and communications networks.<br>2004—Enhance fraud detection capabilities.<br>2004—Increased border processing throughput.  |
| Development, Modernization & Enhancement | \$6         | \$5           | \$5           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| Steady State                             | \$0         | \$0           | \$0           |   |   |
| <b>HR Connect</b>                        |             |               |               |   |   |
| Total Investment                         | \$21        | \$26          | \$26          | Treasury-wide Management Policies and Programs  | FY2002 Planned Performance Goals and Benefits<br><br>Increase number of employees served by HR Connect<br>Increase percent of requirements satisfied by HR Connect<br>Retire legacy systems and reduce cost of operations<br>Improve level of HR customer satisfaction with accuracy, timeliness, and business value of HR Connect,<br>Support new business offerings<br>FY2001 Performance Goals Achieved<br>12% of total Treasury FTE supported<br>6 core HR areas redesigned/supported (Personnel Action Requests, Payroll Interface, Recruitment, Performance/Position Management, Training Administration) |
| Development, Modernization & Enhancement | \$16        | \$21          | \$19          |   |   |
| Steady State                             | \$5         | \$5           | \$7           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>            | 2000 Actual | 2001 Estimate      | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|--------------------|---------------|--|--|
| <b>Treasury IRS Business Systems Modernization</b> |             |                    |               |  |  |
| Total Investment                                   | \$0         | <sup>8</sup> \$377 | \$397         | <ol style="list-style-type: none"> <li>1. Service to each taxpayer—The first strategic goal is to improve service to the individual taxpayer. Taxpayers should be able to obtain information and have appropriate adjustments made to their account accurately, quickly and conveniently.</li> <li>2. Service to all taxpayers—The second strategic goal requires the IRS to apply the law with integrity and fairness to all. This ensures that taxpayers who do not comply will not place a burden on those who do comply.</li> <li>3. Productivity through a quality work environment—The third strategic goal is to increase productivity by providing a quality work environment for IRS employees. The IRS must not only provide top quality service to taxpayers, but also efficiently, using the fewest possible resources.</li> </ol> | <p>IRS Business Systems Modernization is a portfolio containing multiple systems. These systems support a major transformation of the IRS' organization, business practices and enabling technologies.</p> <p>Documentation contained within the agency Enterprise Architecture, Blueprint 2001, and the Enterprise Life Cycle describes how each system within the Modernization portfolio will support and fulfill these three objectives.</p> |
| Development, Modernization & Enhancement           | \$0         | \$377              | \$397         |  |  |
| Steady State                                       | \$0         | \$0                | \$0           |  |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                      | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>ACE/Enterprise Infrastructure</b>                         |             |               |               |   |  |
| Total Investment   | \$0         | \$45          | \$80          | Enforcement   | The performance measures will be determined after the Prime Contractor has been selected and onboard with the project.   |
| Development, Modernization & Enhancement                     | \$0         | \$45          | \$80          |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>Department of Veterans Affairs (VA)</b>                   |             |               |               |   |  |
| <b>Veterans Benefits Administration Telephone Strategy</b>   |             |               |               |   |  |
| Total Investment   | \$4         | \$8           | \$7           | Benefits  | Improved telephone access to VBA services and information  |
| Development, Modernization & Enhancement                     | \$2         | \$5           | \$2           |   |  |
| Steady State   | \$2         | \$3           | \$5           |   |  |
| <b>National Cemetery Administration BOSS</b>                 |             |               |               |   |  |
| Total Investment   | \$0         | \$0           | \$0           | Burial  | Automated all manual paper-intensive record keeping, and information and forms processing associated with interments. Provided nationwide burial location capability, linkage to Gravesite Reservation files, and a benefit crosscheck to facilitate a timely First Notice of Death (FNOD) to VBA and its benefits delivery systems. Supports the electronic transfer of information for VA's corporate master veteran record identification initiative. |
| Development, Modernization & Enhancement                     | \$0         | \$0           | \$0           |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |
| <b>Veterans Affairs Veterans Health Administration VistA</b> |             |               |               |   |  |
| Total Investment   | \$449       | \$453         | \$458         | Medical   | Supports the delivery of quality health care services to eligible veterans using information systems for major clinical management, fiscal and administrative functions.   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits |
|--|-------------|---------------|---------------|---|--|
| Development, Modernization & Enhancement | \$31        | \$32          | \$35          |   |  |
| Steady State                             | \$418       | \$421         | \$423         |   |  |

**Environmental Protection Agency (EPA)****Comprehensive Environmental Response (CERCLIS)**

|  |     |     |     |  |   |
|--|-----|-----|-----|--|---|
| Total Investment                         | \$5 | \$3 | \$3 | Expansion of Americans' Right to Know About Their Environment Under GPRA Goal 5— Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response—Subobjective 5.1.2 Respond to Superfund Hazardous Waste Sites 5.1.3, Superfund Enforcement and Subobjective 5.1.4 Federal Facility Inter-agency Agreements, CERCLIS is the IT tool used to collect and report on progress for those goals and objectives | Provides fundamental information to all Americans about toxic chemical uses in their communities. Publication of data provides bench marks for facility comparisons and provides a catalyst to industry to develop and adopt pollution-reducing best practices. Information is available to all constituencies on the Internet for instant searches as well as in print.<br>During FY 2000 CERCLIS was updated to include new agency goals and updated reports. During FY2001 and 2002 CERCLIS will continue to be updated to enhance reporting for GPRA. |
| Development, Modernization & Enhancement | \$1 | \$0 | \$0 |  |   |
| Steady State                             | \$4 | \$3 | \$3 |  |   |

**Envirofacts**

|                  |     |     |     |  |   |
|------------------|-----|-----|-----|--|---|
| Total Investment | \$4 | \$4 | \$5 | Goal 7—Quality Environmental Information | FY2001<br>EPA realized a 10% percentage increase in the number of page requests and 4,000 increase in the number of distinct hosts accessing the site.<br>Approximately 16.6 billion bytes of data was transferred from the EF Warehouse data base per month indicated that Envirofacts successfully delivered environmental information to the public.<br>FY2002 |
|------------------|-----|-----|-----|--|---|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | The availability and accessibility of the Envirofacts Warehouse to the public will result in a 10% percentage increase in the number of page requests and a 5% increase in the number of distinct hosts accessing the site. |
| Development, Modernization & Enhancement | \$2         | \$2           | \$2           |   |   |
| Steady State                             | \$2         | \$2           | \$3           |   |   |

**Toxic Chemical Release Inventory (TRIS)**

|  |     |     |     |  |   |
|--|-----|-----|-----|--|---|
| Total Investment                         | \$7 | \$6 | \$6 | Goal 7—Quality Environmental Information | FY2001<br>EPA accelerated the processing and analysis of the TRI data in order to achieve a goal of releasing the TRI data within the same year in which it is received.<br><br>FY2002<br>EPA will continue to accelerate the processing and analysis of TRI data in order to achieve a goal of releasing TRI data within the same year in which it was received. |
| Development, Modernization & Enhancement | \$0 | \$0 | \$0 |  |   |
| Steady State                             | \$6 | \$6 | \$6 |  |   |

**Federal Emergency Management Agency (FEMA)****Map Service Center (MSC)**

|                  |     |     |     |   |  |
|------------------|-----|-----|-----|---|--|
| Total Investment | \$6 | \$5 | \$3 | National Flood Insurance Act of 1968; Map Service Center stores and distributes over 154450 map panels and flood data products<br><br>GPRA goal M.1.1 Public Hazards Information: Increase the availability and effectiveness of natural hazards information. | In FY 2001, produce 3,000 updated NFIP flood-hazard map panels in digital format. Process requests for map changes. Convert 14,900 maps from manual to digital format. |
|------------------|-----|-----|-----|---|--|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | FY 2002, Transition to an integrated 'digital warehouse.' Improve map distribution turn-around, improve accountability, reduce distribution costs, and coordinate new map development for internet delivery |
| Development, Modernization & Enhancement | \$4         | \$3           | \$1           |   |   |
| Steady State                             | \$2         | \$2           | \$2           |   |   |

**National Emergency Management Information System (NEMIS)**

|                  |      |     |     |  |   |
|------------------|------|-----|-----|--|---|
| Total Investment | \$11 | \$7 | \$8 | FEMA Strategic Goal 2:<br>Reduce human suffering and enhance the recovery of communities after disaster strikes. | <p>In FY 2001</p> <ul style="list-style-type: none"> <li>Speeds delivery of disaster assistance grants through direct interface with FEMA's financial system.</li> <li>Improves the quality and consistency of grant payments by automating program business rules.</li> <li>Improves internal management controls.</li> <li>Utilizes extensive access and security controls.</li> <li>Uses optical imagery to transfer documents to caseworkers anywhere in the enterprise.</li> <li>Improves electronic data exchange with SBA and States.</li> <li>Permits direct access by States to key NEMIS functions.</li> <li>Is scalable to major and catastrophic disasters.</li> <li>Provides cross-disaster information and analysis to improve mitigation and to lessen recurrence of losses.</li> <li>Establishes an enterprise infrastructure to support FEMA's IT architecture, on which other enterprise applications can be built.</li> <li>Provides program information agency-wide.</li> </ul> <p>In FY 2002</p> <ul style="list-style-type: none"> <li>New modules delivered on schedule and within budget.</li> <li>Attain initial compliance with Disaster Mitigation Act of 2000.</li> </ul> |
|------------------|------|-----|-----|--|---|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>                                       | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits |
|--|-------------|---------------|---------------|---|--|
|  |             |               |               |   | Improve disaster processing by 5%.   |
| Development, Modernization & Enhancement | \$5         | \$3           | \$5           | GPRA goal RR.4.1.NEMIS Development: Direct remaining NEMIS Development and monitor operations and maintenance.                |  |
| Steady State                             | \$6         | \$4           | \$4           | Also referenced in GPRA goals:<br>M.5.1: Repetitive-Loss Strategy<br>RR.1.1: Response Services<br>E.211: Financial Management |  |

**Multi-Hazard Loss Estimation Methodology (HAZUS)**

|  |     |     |     |  |   |
|--|-----|-----|-----|--|---|
| Total Investment                         | \$3 | \$4 | \$4 | GPRA Goal M.1.2. Assessment Tools: Increase the availability of loss-estimation and risk-assessment methods and tools. | In FY 2001, the HAZUS loss estimates and statistics, which are calculated at the county level, will be available via the Internet. Loss estimates were used by Seattle and the State of Washington to mitigate against earthquake damage and to estimate actual damage or loss. The hurricane and flood loss modules are over 50% completed.<br><br>In FY 2000, the goal is to develop a final flood loss estimation module and a preview hurricane, wind loss estimation module. |
| Development, Modernization & Enhancement | \$2 | \$3 | \$3 |  |   |
| Steady State                             | \$1 | \$1 | \$1 |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>Integrated Financial Management System (IFMS)</b> |             |               |               |   |   |
| Total Investment                                     | \$3         | \$3           | \$3           | GPRA Goal E.1.1. Agency Financial Management: Achieve the FY 2001 objectives of the Financial Management Status Report and Five-Year Plan | In FY 2001, streamlined and integrated procurements and vendor payment processes, efficient intergovernmental transfers, maximum use of electronic media for processing disbursements and collecting financial data.<br>In FY 2002, promote the use of performance-based contracting and on-line procurements. Work with other agency organizations to reduce inappropriate payments. |
| Development, Modernization & Enhancement             | \$1         | \$1           | \$1           |   |   |
| Steady State   | \$2         | \$2           | \$2           |   |   |
| <b>Mobile Emergency Response System (MERS)</b>       |             |               |               |   |   |
| Total Investment                                     | \$1         | \$5           | \$5           | GPRA Goal RR.1.3. Improve response operations   | In FY 2001, support emergency responders with services to operate in a distressed environment without using limited local resources. Upgrade HF radio system.<br>In FY 2002, Maintain standards and operations. Upgrade telecommunications systems.   |
| Development, Modernization & Enhancement             | \$0         | \$4           | \$4           |   |   |
| Steady State   | \$1         | \$1           | \$1           |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>              | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|--|---|
| <b>National Warning System (NAWAS)</b>               |             |               |               |  |   |
| Total Investment                                     | \$2         | \$2           | \$2           | GPRA Goal RR.3.1. Operated Emergency Communications Systems: Operate emergency communications systems to deliver emergency warning, messages, and critical information to reduce losses and lower response and recovery costs. | In FY 2001, Disseminate messages within 3 minutes. Issue weather warnings and alerts to all nodes within the affected area. System remains operational during shutdowns of commercial utilities. Coordinate responses to regional emergencies by State and local officials. Reduction in deaths, injuries, hospital stays, and property damage.<br>In FY 2002, maintain NAWAS standards and operations. |
| Development, Modernization & Enhancement             | \$0         | \$0           | \$0           |  |   |
| Steady State   | \$2         | \$2           | \$2           |  |   |
| <b>USFA Simulation and Training Network (SIMLAB)</b> |             |               |               |  |   |
| Total Investment                                     | \$3         | \$1           | \$1           | GPRA Goal P.3.4. Training and Education: Increase the knowledge, skill, and ability of the nation's fire service and allied professions through comprehensive training and education.  | In FY 2001, deliver on- and remote-site simulation and training programs and exercises. Develop additional simulations. Produce and distribute CD-ROM training programs.<br>In FY 2002, develop additional simulations. Expand distribution of courses via electronic networking.   |
| Development, Modernization & Enhancement             | \$3         | \$1           | \$1           |  |   |
| Steady State   | \$0         | \$0           | \$0           |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                      | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>   | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|---|--|
| <b>Write Your Own/Actuarial Information System (WYO/AIS)</b> |             |               |               |   |  |
| Total Investment   | \$5         | \$5           | \$5           | GPRA Goal M.6.1. Business Process Improvements: Modernize National Flood Insurance Program to incorporate state-of-the-art business practices and technologies that assure that operating integrity, cost efficiency, and customer-service standards are met. | In FY 2001, complete studies to update business processes to ease exchange of data, shorten turn-around times, improve accuracy and reduce costs.<br>In FY 2002, begin system modernization efforts, including web-enabled processing with insurers and partners to eliminate redundant reporting, improve accuracy, accelerate data receipts, lower O&M costs, and allow greater program flexibility. |
| Development, Modernization & Enhancement                     | \$0         | \$0           | \$0           |   |  |
| Steady State   | \$5         | \$5           | \$5           |   |  |
| <b>Logistics Information Management System (LIMS)</b>        |             |               |               |   |  |
| Total Investment   | \$1         | \$1           | \$1           | GPRA Goal RR.2.1. Logistics: Provide timely and cost-effective resources in support of the hazards emergency management mission of the Agency.  | In FY 2001, maintain a 97% on-time delivery of disaster assets. Ensure property management integrity, accountability, and recovery.<br>In FY 2002, reduce by 10% the value of assets remaining at closed DFO's.  |
| Development, Modernization & Enhancement                     | \$1         | \$1           | \$1           |   |  |
| Steady State   | \$0         | \$0           | \$0           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|--|---|
| <b>FEMA Switched Network (FSN)</b>       |             |               |               |  |   |
| Total Investment                         | \$14        | \$14          | \$14          | GPRA Goal E.2.1. Efficient and Effective Services: Manage processes to reduce costs through the effective and efficient provision of services. | In FY 2001, maintain 50 T-1 circuits at better than 99% availability; managed local and long-distance telephone service, 1-800 telephone service, pagers, cellular phones, satellite service, Internet service, and TV broadcast service for disasters. Record intrusions through FEMA Internet firewall.<br>In FY 2002, FEMA will integrate data and voice networks reducing the need for T-1 circuits. FEMA will install wireless disaster field offices and laptop computers to reduce shipping fees, equipment warehousing, installation time, manpower, and power consumption, reducing IT service costs by 25%. |
| Development, Modernization & Enhancement | \$1         | \$2           | \$2           |  |   |
| Steady State                             | \$13        | \$13          | \$12          |  |   |
| <b>Disaster Communications</b>           |             |               |               |  |   |
| Total Investment                         | \$13        | \$18          | \$18          | GPRA Goal E.2.1. Efficient and Effective Services: Manage processes to reduce costs through the effective and efficient provision of services. | In FY 2001, connect any disaster or other temporary FEMA facility to the FSN within 24 hours. Oversee the ordering and termination of circuits and services for best pricing plans.<br>In FY2002, maintain current level of services and response; packages services to reduce per unit costs by 2%.  |
| Development, Modernization & Enhancement | \$0         | \$0           | \$0           |  |   |
| Steady State                             | \$13        | \$18          | \$18          |  |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>      | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|--|--|
| <b>Desktop Services</b>                      |             |               |               |  |  |
| Total Investment                             | \$9         | \$10          | \$10          | GPRA Goal C.1.1. Customer Satisfaction Levels: Deliver accessible and standardized IT services that promote cost effective, reliable, and trouble-free information services. | In FY 2001, maintain trouble-free services at 98%. Operate data centers for enterprise IT systems. Resolve 80% of trouble tickets within the week.<br>Intercept viruses coming via e-mail and file transfers.<br>In FY 2002, Resolve 80% of trouble tickets on first call. |
| Development, Modernization & Enhancement     | \$0         | \$0           | \$0           |  |  |
| Steady State                                 | \$9         | \$10          | \$10          |  |  |
| <b>General Services Administration (GSA)</b> |             |               |               |  |  |
| <b>Pegasys</b>                               |             |               |               |  |  |
| Total Investment                             | \$23        | \$24          | \$25          | 1) Promote responsible asset management  | Using surveys achieve 80% customer satisfaction. Increase to 90%.<br>Reduce data entry. Completion of data entry at source location. Decrease by 50%.  |
| Development Modernization & Enhancement      | \$19        | \$19          | \$19          |  |  |
| Steady State                                 | \$4         | \$6           | \$6           |  |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup>  | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|--|-------------|---------------|---------------|--|--|
| <b>Seat Management</b>                   |             |               |               |  |  |
| Total Investment                         | \$17        | \$23          | \$24          | 1) Promote responsible asset management, 2) compete effectively for federal market, 3) Excel at customer service, 4) Meet Federal social and environmental objectives, and 5) Anticipate future workforce needs. | Ensure that the infrastructure is operational 95% of the time during business hours. Track network performance, establish a baseline of existing operational uptime, and conduct and evaluate customer surveys. Increase by another 1% over baseline during the fiscal year. Provide efficient and effective response to trouble calls. Establish a baseline for average time to respond, repair or replace. Review prioritized calls obtained. Increase by another 1% over baseline during fiscal year. |
| Development, Modernization & Enhancement |             |               |               |  |  |
| Steady State                             | \$17        | \$23          | \$24          |  |  |

**National Aeronautics and Space Administration (NASA)****Earth Observing System Data Information System (EOSDIS)**

|                  |       |       |       |  |   |
|------------------|-------|-------|-------|--|---|
| Total Investment | \$279 | \$252 | \$241 | Earth Science Enterprise Objective: Implement open, distributed, and responsive data system architectures. | For FY 2001 and FY 2001 EOSDIS has the following four goals:<br>1. EOSDIS is a comprehensive data and information system designed to support NASA's Earth Observing System (EOS). The EOSDIS will archive, manage, and distribute Earth science data from NASA missions and will provide spacecraft control and science data processing for the EOS missions. For EOS spacecraft and instruments, the EOSDIS will perform acquisition, capture and processing of telemetry data, processing of telemetry data into higher level science data products, archiving and distribution of standard science products, and mission operations for instrument and spacecraft control. |
|------------------|-------|-------|-------|--|---|

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>        | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
|  |             |               |               |   | 2. EOSDIS will double the volume of data archived compared to FY 98.<br>3. EOSDIS will increase the number of distinct customers by 20% compared to FY 98<br>4. EOSDIS will increase products delivered from the DAACs by 10% compared to FY 98.<br>These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002  |
| Development, Modernization & Enhancement       | \$206       | \$183         | \$172         |   |   |
| Steady State                                   | \$73        | \$69          | \$69          |   |   |
| <b>NASA Integrated Services Network (NISN)</b> |             |               |               |   |   |
| Total Investment                               | \$87        | \$105         | \$104         | Manage Strategically: Objective: Improve information technology capability and services | NISN operates and maintains all of NASA's wide area telecommunications networking requirements, except for research activities. NISN services include long distance telephone, facsimile, voice and video teleconferencing, data and video distribution, and Internet working. The NISN performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1998 transmission costs. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002. |
| Development, Modernization & Enhancement       | \$0         | \$0           | \$0           |   |   |
| Steady State                                   | \$87        | \$105         | \$104         |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                          | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| <b>NASA ADP Consolidation Center (NACC)</b>                      |             |               |               |   |   |
| Total Investment   | \$20        | \$18          | \$19          | Manage Strategically: Objective: Improve information technology capability and services | NACC is the central and integrated Agency wide computing resources for NASA, and as such it supports each NASA Center's administrative processing requirements as well the Agency's consolidated payroll and consolidated support for legacy administrative software systems. The NACC performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1998 processing resource unit costs. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002 |
| Development, Modernization & Enhancement                         | \$0         | \$0           | \$0           |   |   |
| Steady State   | \$20        | \$18          | \$19          |   |   |
| <b>NASA Desktop LAN and Voice Communications Services (ODIN)</b> |             |               |               |   |   |
| Total Investment   | \$85        | \$112         | \$111         | Manage Strategically: Objective: Improve information technology capability and services | ODIN is a long-term outsourcing arrangement with the commercial sector which transfers to it the responsibility and risk for providing and managing the vast majority of NASA's desktop, server, and intra-center communications assets and services. The ODIN performance metrics have been baselined at customer satisfaction response of satisfactory and the FY 1999 costs for a standard workstation. These performance metrics are being met in FY 2001 and will continue as target indicators in FY 2002                       |
| Development, Modernization & Enhancement                         | \$12        | \$12          | \$10          |   |   |
| Steady State   | \$73        | \$100         | \$101         |   |   |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>     | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits   |
|---|-------------|---------------|---------------|---|--|
| <b>Social Security Administration (SSA)</b> |             |               |               |   |  |
| <b>Title II Redesign</b>                    |             |               |               |   |  |
| Total Investment                            | \$24        | \$25          | \$25          | World Class Service   | <p>In FY 2001 the following legislation and processing improvements will be completed:</p> <ul style="list-style-type: none"> <li>-Interim process to implement 'Easy Back On' legislation;</li> <li>Title II initial claims and post-entitlement releases to support Internet initiatives;</li> <li>Improved processing of Workers Comp cases;</li> <li>Elimination of another Object Program, (MISCOR);</li> <li>Additional field office reinstatements; and,</li> <li>Web-based Title II processing information.</li> </ul> <p>In FY2002, Title II initial claims and post-entitlement releases to support Internet initiatives will be complete.</p> |
| Development, Modernization & Enhancement    | \$17        | \$18          | \$17          |   |  |
| Steady State                                | \$7         | \$7           | \$8           |   |  |
| <b>Paperless Program Service Centers</b>    |             |               |               |   |  |
| Total Investment                            | \$14        | \$8           | \$7           | World Class Service   | <p>Implementation is underway and will be completed in all PSCs by 2001. Major functionality includes the archiving and retrieval of documents and site-to-site transfer of new work. When implementation is complete, 90 percent of the work will be processed electronically.</p> <p>FY 2002 will see full implementation in OCO. Functionality will include site-to-site transfer of all work, resulting in improved customer service by decreasing backlogs. Ninety percent of the work will be processed electronically.</p>  |
| Development, Modernization & Enhancement    | \$14        | \$8           | \$7           |   |  |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>                          | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits  |
|--|-------------|---------------|---------------|---|---|
| Steady State   | \$0         | \$0           | \$0           |   |   |
| <b>Electronic Wage Reporting System</b>                          |             |               |               |   |   |
| Total Investment   | \$9         | \$9           | \$9           | Program Integrity   | By FY 2001, we expect to begin receiving wage reports via the Internet.<br>By FY 2002, small filers will be able to key W-2 data directly to SSA using the Internet.  |
| Development, Modernization & Enhancement                         | \$9         | \$9           | \$9           |   |   |
| Steady State   | \$0         | \$0           | \$0           |   |   |
| <b>Electronic Disability System (formerly Electronic Folder)</b> |             |               |               |   |   |
| Total Investment   | \$8         | \$11          | \$9           | World Class Service   | Folderless pilots are underway in New York, California, Wisconsin and Delaware state disability determination service (DDS) offices and will be completed in FY2001 and FY2002. The pilots include proof of concept for operational/management issues of subsequent phases of Electronic Folders. We will learn about secure electronic mail as we test an infrastructure necessary to support digital signature, encryption and transmission of medical evidence. Scanning and imaging of self-help claims will be piloted and evaluated. We will establish electronic folder standards for hardware and software interfaces with other DDS systems. We expect to implement software and infrastructure changes needed to use a messaging tool.<br>In FY2002, we expect to fully implement the electronic medical record. However, implementation is strongly influenced by the Health Insurance Portability and Accountability Act (HIPPA). Once the regulations are promulgated, we will make the provisions consistent with our planning activities |

**Table 22-1. IT Performance Table—Continued**

(Budget Authority and Other Financing, in Millions of Dollars)

**Part 2. Selected Major Information Technology Investments**

| Agency: Program or Project <sup>1</sup>  | 2000 Actual | 2001 Estimate | 2002 Proposed | Mission Area of Agency Strategic Plan that is Supported by this Investment <sup>2</sup> | Performance Goals Achieved in FY 2001 and Planned FY 2002 Program Performance Goals and Benefits |
|--|-------------|---------------|---------------|---|--|
| Development, Modernization & Enhancement | \$8         | \$11          | \$9           |   |  |
| Steady State                             | \$0         | \$0           | \$0           |   |  |

**United States Agency for International Development (USAID)****Financial Management Systems**

|  |      |      |      |   |   |
|--|------|------|------|---|---|
| Total Investment                         | \$18 | \$21 | \$19 | USAID Strategic Goal: Improve program effectiveness | Provide program managers with access to timely and accurate financial information for decision-making on USAID's sustainable development programs worldwide. Strengthen USAID's relationship with its customers and partners in the delivery of development assistance through enhanced analysis and planning of financial requirements, tracking of full cost of programs and timely delivery of financial resources. Strengthen management controls and accountability for financial resources throughout the Agency. |
| Development, Modernization & Enhancement | \$13 | \$12 | \$9  |   |   |
| Steady State                             | \$5  | \$9  | \$10 |   |   |

<sup>1</sup> This table contains a selected subset of each agency's major IT investments.<sup>2</sup> Mission areas should be consistent with the major functions and operations identified in the agency's strategic and annual performance plans.<sup>3</sup> The projections beginning in FY 2002 for the Department of Defense Major IT Investments contained herein are subject to change as a result of the Defense Strategy Review currently underway.<sup>4</sup> Total of Defense Enterprise Computing Centers (formerly Megacenters) are a Working Capital Fund Activity. Each Service and Component using this activity pay based on a rate calculated based on usage and special costs.<sup>5</sup> Strategic interfaces include the legacy systems in the programs and to external customers as well as the interface with the integrated contractors. The major benefit of investment of the requested amount is schedule slippage are avoided and potential cost overruns do not spread the project out unnecessarily. DOE can then phase out the existing less efficient and less responsive legacy systems in a more timely fashion and minimize the period of parallel operations. The Department then begins to enjoy the stream of benefits from a modern, integrated financial manage system sooner. If the FY 2002 funding were reduced below the required amount, then that difference would need to be added back to the FY 2003 funding request.

Funding at the requested level reduces implementation and interface efforts resulting in delays to Departmental unique solutions (i.e., integrated contractors, receivables/reimbursable work) and jeopardizes the ability of the project to meet the goal of implementing the CFS for FY 2003. Investment plans for the necessary database, utility and financial management software for successful.

<sup>6</sup> These numbers are budget authority numbers. They do not reflect total funding estimates for TAAMS, which are currently estimated at \$18.6 million in FY 2001 (\*\$13.5 FY 2001 appropriations and \$5.1 carryover funding) and \$20 million for FY 2002 (\$14 million FY 2001 appropriation and \$6 million carryover funding).<sup>7</sup> Represents funds from Departmental Management Crosscut only.<sup>8</sup> FY2001 represents obligations from prior year balances in addition to \$72 million budget authority.

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## FEDERAL DRUG CONTROL FUNDING

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## 23. FEDERAL DRUG CONTROL FUNDING

**Table 23-1. FEDERAL DRUG CONTROL FUNDING BY AGENCY**

(Budget authority, in millions of dollars)

|  | 2000<br>Actual | 2001<br>Estimate | 2002<br>Proposed | Change 2001-2002 |         |
|--|----------------|------------------|------------------|------------------|---------|
|  |                |                  |                  | Dollars          | Percent |
| Department of Agriculture                              |                |                  |                  |                  |         |
| Agricultural Research Service .....                    | 5              | 5                | 5                | .....            | .....   |
| U.S. Forest Service .....                              | 7              | 7                | 7                | .....            | .....   |
| Women, Infants & Children .....                        | 16             | 16               | 16               | *                | 2%      |
| Total, Agriculture .....                               | 28             | 28               | 28               | *                | 1%      |
| Corporation for National & Community Service .....     | 9              | 9                | 9                | .....            | .....   |
| D.C. Court Services and Offender Supervision .....     | 49             | 58               | 84               | 26               | 44%     |
| Department of Defense                                  |                |                  |                  |                  |         |
| Counterdrug Operations .....                           | 973            | 1,047            | 1,069            | 22               | 2%      |
| Andean Initiative .....                                | 301            | .....            | .....            | .....            | .....   |
| Total, Defense .....                                   | 1,273          | 1,047            | 1,069            | 22               | 2%      |
| Intelligence Community Management Account .....        | 27             | 34               | 27               | -7               | -21%    |
| Department of Education .....                          | 598            | 633              | 633              | .....            | .....   |
| Department of Health and Human Services                |                |                  |                  |                  |         |
| Administration for Children and Families .....         | 59             | 60               | 60               | .....            | .....   |
| Centers for Disease Control and Prevention .....       | 169            | 178              | 178              | .....            | .....   |
| Food and Drug Administration .....                     | 6              | .....            | .....            | .....            | n/a     |
| Health Care Financing Administration .....             | 450            | 500              | 560              | 60               | 12%     |
| Health Resources & Services Administration .....       | 42             | 46               | 46               | *                | *       |
| Indian Health Service .....                            | 45             | 68               | 70               | 1                | 2%      |
| National Institutes of Health (NIH—NIDA & NIAAA) ..... | 725            | 825              | 953              | 128              | 16%     |
| Substance Abuse and Mental Health Services Admin. .... | 1,525          | 1,655            | 1,755            | 100              | 6%      |
| Total, Health and Human Services .....                 | 3,022          | 3,333            | 3,622            | 289              | 9%      |
| Department of Housing and Urban Development .....      | 310            | 309              | .....            | -309             | -100%   |
| Department of the Interior                             |                |                  |                  |                  |         |
| Bureau of Indian Affairs .....                         | 20             | 23               | 26               | 2                | 10%     |
| Bureau of Land Management .....                        | 5              | 5                | 5                | .....            | .....   |
| U.S. Fish & Wildlife Service .....                     | 1              | 1                | 1                | .....            | .....   |
| National Park Service .....                            | 10             | 10               | 10               | *                | *       |
| Total, Department of Interior .....                    | 36             | 39               | 41               | 2                | 6%      |
| The Judiciary .....                                    | 680            | 736              | 824              | 88               | 12%     |
| Department of Justice                                  |                |                  |                  |                  |         |
| Assets Forfeiture Fund .....                           | 503            | 400              | 360              | -40              | -10%    |
| U.S. Attorneys .....                                   | 208            | 218              | 229              | 11               | 5%      |
| Bureau of Prisons .....                                | 2,064          | 2,407            | 2,597            | 191              | 8%      |
| Community Policing .....                               | 196            | 375              | 348              | -27              | -7%     |
| Criminal Division .....                                | 33             | 35               | 37               | 2                | 7%      |
| Drug Enforcement Administration .....                  | 1,341          | 1,444            | 1,567            | 123              | 9%      |
| Federal Bureau of Investigation .....                  | 710            | 810              | 712              | -98              | -12%    |
| Federal Prisoner Detention .....                       | 333            | 363              | 441              | 77               | 21%     |
| Immigration and Naturalization Service .....           | 466            | 530              | 574              | 44               | 8%      |
| Interagency Crime and Drug Enforcement .....           | 317            | 325              | 338              | 13               | 4%      |
| U.S. Marshals Service .....                            | 210            | 224              | 243              | 19               | 9%      |
| Office of Justice Programs .....                       | 976            | 1,017            | 890              | -127             | -12%    |
| Tax Division/Interpol .....                            | 1              | 1                | 1                | *                | 2%      |
| Total, Department of Justice .....                     | 7,357          | 8,149            | 8,338            | 189              | 2%      |
| Department of Labor .....                              | 64             | 82               | 82               | *                | *       |

**Table 23-1. FEDERAL DRUG CONTROL FUNDING BY AGENCY—Continued**

(Budget authority, in millions of dollars)

|   | 2000<br>Actual | 2001<br>Estimate | 2002<br>Proposed | Change 2001–2002 |             |
|---|----------------|------------------|------------------|------------------|-------------|
|   |                |                  |                  | Dollars          | Percent     |
| <b>ONDCP</b>  |                |                  |                  |                  |             |
| Operations .....  | 23             | 25               | 25               | 1                | 2%          |
| High Intensity Drug Trafficking Areas .....               | 191            | 206              | 206              | *                | *           |
| Counterdrug Technology Assessment Center .....            | 32             | 36               | 40               | 4                | 11%         |
| Special Forfeiture Fund .....                             | 218            | 233              | 248              | 15               | 6%          |
| <b>Total, ONDCP .....</b>                                 | <b>464</b>     | <b>500</b>       | <b>519</b>       | <b>19</b>        | <b>4%</b>   |
| Small Business Administration .....                       | 4              | 4                | 5                | 2                | 43%         |
| <b>Department of State</b>                                |                |                  |                  |                  |             |
| Bureau of International Narcotics & Law Enforcement ..... | 274            | 279              | 162              | -117             | -42%        |
| Plan/Colombia/Andean Initiative .....                     | 1,019          | .....            | 731              | 731              | n/a         |
| Public Diplomacy .....                                    | 8              | 9                | 9                | *                | 2%          |
| Emergencies in the Diplomatic and Consular Service .....  | 1              | 1                | 3                | 2                | 150%        |
| <b>Total, Department of State .....</b>                   | <b>1,301</b>   | <b>289</b>       | <b>905</b>       | <b>615</b>       | <b>213%</b> |
| <b>Department of Transportation</b>                       |                |                  |                  |                  |             |
| U.S. Coast Guard .....                                    | 761            | 636              | 759              | 123              | 19%         |
| Federal Aviation Administration .....                     | 24             | 25               | 26               | 1                | 4%          |
| National Highway Traffic Safety Administration .....      | 30             | 30               | 32               | 1                | 5%          |
| <b>Total, Department of Transportation .....</b>          | <b>815</b>     | <b>691</b>       | <b>817</b>       | <b>126</b>       | <b>18%</b>  |
| <b>Department of the Treasury</b>                         |                |                  |                  |                  |             |
| Bureau of Alcohol, Tobacco, and Firearms .....            | 252            | 352              | 369              | 17               | 5%          |
| U.S. Customs Service .....                                | 664            | 722              | 772              | 51               | 7%          |
| Federal Law Enforcement Training Center .....             | 28             | 31               | 24               | -7               | -22%        |
| Financial Crimes Enforcement Network .....                | 9              | 11               | 11               | 1                | 6%          |
| Interagency Crime and Drug Enforcement .....              | 75             | 103              | 107              | 3                | 3%          |
| Internal Revenue Service .....                            | 74             | 57               | 40               | -17              | -30%        |
| U.S. Secret Service .....                                 | 89             | 116              | 124              | 8                | 7%          |
| Treasury Forfeiture Fund .....                            | 158            | 148              | 148              | .....            | .....       |
| <b>Total, Department of Treasury .....</b>                | <b>1,349</b>   | <b>1,540</b>     | <b>1,595</b>     | <b>55</b>        | <b>4%</b>   |
| Department of Veterans Affairs .....                      | 555            | 573              | 581              | 8                | 1%          |
| <b>Total Federal Drug Control Programs .....</b>          | <b>17,940</b>  | <b>18,053</b>    | <b>19,179</b>    | <b>1,126</b>     | <b>6%</b>   |

Note: All FY 2001 and FY 2002 numbers are preliminary and may change.

\* = Less than \$500,000 or .5%

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**FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS  
AND PARALYMPICS**

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## 24. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS

**Table 24-1. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS<sup>1</sup>**

(Budget authority, in thousands of dollars)

|  | Actual |        |       | 2001<br>Enacted | 2002<br>Proposed | Total<br>1998-2002 |
|--|--------|--------|-------|-----------------|------------------|--------------------|
|  | 1998   | 1999   | 2000  |                 |                  |                    |
| <b>Agriculture:</b>  |        |        |       |                 |                  |                    |
| Forest Service (avalanche center, visitor services) .....                  | 3,170  | 5,427  | 3,481 | 2,544           | 1,500            | 16,122             |
| <b>Commerce:</b>   |        |        |       |                 |                  |                    |
| National Weather Service (improved predictions) .....                      |        | 216    | 369   | 590             |                  | 1,175              |
| <b>Defense:</b>  |        |        |       |                 |                  |                    |
| National Guard and active duty support to Olympics .....                   |        |        | 342   | 9,932           | 15,800           | 26,074             |
| Communications equipment, infrastructure, and support .....                |        |        | 8,000 |                 |                  | 8,000              |
| Total, Defense .....   |        |        | 8,342 | 9,932           | 15,800           | 34,074             |
| <b>Education:</b>  |        |        |       |                 |                  |                    |
| Olympic scholarships .....   |        |        |       | 1,000           |                  | 1,000              |
| General support of the Paralympics .....                                   |        |        | 925   | 1,421           |                  | 2,346              |
| National Arts and Education Model initiative .....                         |        |        |       | 300             |                  | 300                |
| Total, Education .....   |        |        | 925   | 2,721           |                  | 3,646              |
| <b>Energy:</b>   |        |        |       |                 |                  |                    |
| Radiological/Nuclear accident response .....                               |        |        | 140   | 140             | 1,210            | 1,490              |
| Nonproliferation .....   |        |        | 1,000 |                 |                  | 1,000              |
| Total, Energy .....  |        |        | 1,140 | 140             | 1,210            | 2,490              |
| <b>Health and Human Services:</b>  |        |        |       |                 |                  |                    |
| Centers for Disease Control (infectious disease surveillance) ....         |        | 197    | 142   | 767             | 1,122            | 2,228              |
| Mobile Medical Response Teams .....  |        | 444    | 319   | 1,044           | 6,000            | 7,807              |
| Food and Drug Administration (food inspection) .....                       |        |        |       |                 | 632              | 632                |
| Total, Health and Human Services .....                                     |        | 641    | 461   | 1,811           | 7,754            | 10,667             |
| <b>Housing and Urban Development:</b>                                      |        |        |       |                 |                  |                    |
| Manufactured housing for athletes (for LMI households post Olympics) ..... | 3,129  | 3,148  | 1,000 | 2,000           |                  | 9,277              |
| <b>Interior:</b>   |        |        |       |                 |                  |                    |
| National Park Service .....  |        | 53     | 78    | 81              | 81               | 293                |
| Visitor information services .....   |        |        | 22    | 339             | 339              | 700                |
| Total, Interior .....  |        | 53     | 100   | 420             | 420              | 993                |
| <b>Justice—counter terrorism and law enforcement:</b>                      |        |        |       |                 |                  |                    |
| U.S. Attorneys .....   | 6      | 80     | 149   | 373             | 241              | 849                |
| Community Relations Service .....  |        |        |       |                 | 55               | 55                 |
| Federal Bureau of Investigation .....                                      |        | 991    | 1,949 | 1,538           | 16,834           | 21,312             |
| Office of Justice Programs .....   | 2,000  | 925    | 815   | 8,000           |                  | 11,740             |
| Immigration and Naturalization Service .....                               |        | 175    | 194   | 450             | 2,000            | 2,819              |
| Community Oriented Policing Services .....                                 |        |        | 5,000 |                 |                  | 5,000              |
| Criminal Division .....  |        |        |       | 37              | 119              | 156                |
| Interpol .....   |        |        |       | 7               | 11               | 18                 |
| Total, Justice .....   | 2,006  | 2,171  | 8,107 | 10,405          | 19,260           | 41,949             |
| <b>State:</b>  |        |        |       |                 |                  |                    |
| Consular Affairs .....   |        |        | 950   |                 |                  | 950                |
| Educational and Cultural Exchange .....                                    |        |        | 500   | 1,500           |                  | 2,000              |
| Diplomatic Security .....  |        |        | 100   | 100             | 500              | 700                |
| Total, State .....   |        |        | 1,550 | 1,600           | 500              | 3,650              |
| <b>Transportation—access to venues:</b>                                    |        |        |       |                 |                  |                    |
| Federal Aviation Administration (equipment improvements) .....             |        |        | 2,120 | 3,459           |                  | 5,579              |
| Federal Highway Administration .....                                       | 899    | 19,900 | 6,000 | 3,150           |                  | 29,949             |
| Federal Railroad Administration .....                                      |        |        |       | 100             | 451              | 551                |

**Table 24–1. FEDERAL SUPPORT FOR THE 2002 WINTER OLYMPICS AND PARALYMPICS<sup>1</sup>—  
Continued**

(Budget authority, in thousands of dollars)

|   | Actual        |               |               | 2001<br>Enacted | 2002<br>Proposed | Total<br>1998–2002 |
|---|---------------|---------------|---------------|-----------------|------------------|--------------------|
|   | 1998          | 1999          | 2000          |                 |                  |                    |
| Federal Transit Administration .....                          | 1,954         | 4,963         | 15,208        | 72,000          | .....            | 94,125             |
| Office of the Secretary .....                                 | .....         | .....         | .....         | 2,000           | .....            | 2,000              |
| Research and Special Program Administration .....             | .....         | .....         | 4             | 6               | 126              | 136                |
| Total, Transportation .....                                   | 2,853         | 24,863        | 23,332        | 80,715          | 577              | 132,340            |
| <b>Treasury—counter terrorism and law enforcement:</b>        |               |               |               |                 |                  |                    |
| United States Secret Service .....                            | 62            | 86            | 1,987         | 7,757           | 19,530           | 29,422             |
| United States Customs Service .....                           | .....         | 23            | .....         | 2,257           | 18,745           | 21,025             |
| Bureau of Alcohol, Tobacco and Firearms .....                 | .....         | .....         | .....         | .....           | 10,523           | 10,523             |
| Financial Crimes Enforcement Network .....                    | .....         | .....         | .....         | 88              | 58               | 146                |
| IRS-Criminal Investigation .....                              | .....         | .....         | .....         | .....           | 2,728            | 2,728              |
| Departmental Offices .....                                    | .....         | .....         | .....         | 20              | 40               | 60                 |
| Wireless demonstration in Salt Lake City (non-add) .....      | .....         | .....         | .....         | [14,779]        | .....            | .....              |
| Total, Treasury .....   | 62            | 109           | 1,987         | 10,122          | 51,624           | 63,904             |
| <b>Veterans Affairs:</b>                                      |               |               |               |                 |                  |                    |
| Veterans Health Administration (security modifications) ..... | .....         | .....         | 2,124         | 168             | 618              | 2,910              |
| Paralympic medical congress .....                             | .....         | .....         | .....         | 250             | .....            | 250                |
| Total, Veterans Affairs .....                                 | .....         | .....         | 2,124         | 418             | 618              | 3,160              |
| <b>Environmental Protection Agency:</b>                       |               |               |               |                 |                  |                    |
| Sewer infrastructure and multi-pollutant grants .....         | .....         | 2,200         | .....         | 2,495           | .....            | 4,695              |
| Modification of air monitoring equipment .....                | 36            | 45            | 46            | 40              | 48               | 215                |
| On-scene response and pre-deployment of hazmat teams .....    | .....         | 7             | 57            | 90              | 1,200            | 1,354              |
| Support for the Paralympics .....                             | .....         | 5             | 10            | 13              | 125              | 153                |
| Total, Environmental Protection Agency .....                  | 36            | 2,257         | 113           | 2,638           | 1,373            | 6,417              |
| <b>Executive Office of the President:</b>                     |               |               |               |                 |                  |                    |
| Office of National Drug Control Policy (anti-doping) .....    | .....         | 929           | 3,000         | 3,793           | 3,000            | 10,722             |
| <b>Federal Communications Commission:</b>                     |               |               |               |                 |                  |                    |
| Communications support .....                                  | .....         | .....         | .....         | 15              | 130              | 145                |
| <b>Federal Emergency Management Agency:</b>                   |               |               |               |                 |                  |                    |
| Emergency response .....                                      | .....         | .....         | 3             | 4,506           | 10,859           | 15,368             |
| <b>General Services Administration:</b>                       |               |               |               |                 |                  |                    |
| Security, housing, and drug testing for Olympics .....        | 5             | 5             | 20            | 3,310           | 919              | 4,259              |
| Housing and security for Paralympics .....                    | .....         | .....         | .....         | .....           | 635              | 635                |
| Total, General Services Administration .....                  | 5             | 5             | 20            | 3,310           | 1,554            | 4,894              |
| <b>Total, Federal Support</b> .....                           | <b>11,261</b> | <b>39,819</b> | <b>56,054</b> | <b>137,680</b>  | <b>116,179</b>   | <b>360,993</b>     |

<sup>1</sup> Includes only funding directly related to the Olympics and Paralympics. Some agency costs may include specific amounts for the Paralympics. Also, there are many Federal costs that indirectly assist the Olympics and Paralympics but whose primary purpose was not to assist the Games. Such costs are not included in this table.

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**BUDGET SYSTEM AND CONCEPTS  
AND GLOSSARY**

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## 25. BUDGET SYSTEM AND CONCEPTS AND GLOSSARY

The budget system of the United States Government provides the means for the President and Congress to decide how much money to spend, what to spend it on, and how to raise the money they have decided to spend. Through the budget system, they determine the allocation of resources among the Government's major functions—such as providing for the national defense, regulating commerce, and ensuring the availability of health care—and among individual programs, projects, and activities—such as building navy ships, issuing patents, and controlling diseases. The budget system focuses primarily on dollars, but it also allocates other resources, such as Federal employment. The decisions made in the budget process affect the nation as a whole, State and local governments, and individual Americans. Many budget decisions have worldwide significance.

The Congress and the President enact budget decisions into law. The budget system ensures these laws are carried out.

This chapter provides an overview of the budget system and explains some of the more important budget concepts. It includes summary dollar amounts to illustrate major concepts. Other chapters of the budget documents discuss these amounts, and more detailed amounts, in greater depth. A glossary of budget terms appears at the end of the chapter.

Various laws, enacted to carry out requirements of the Constitution, govern the budget system. The chapter refers to the principal ones by title throughout the text and gives complete citations in the section just preceding the glossary.

### THE BUDGET PROCESS

The budget process has three main phases, each of which is interrelated with the others:

- (1) formulation of the President's budget;
- (2) congressional action on the budget; and
- (3) budget execution.

#### Formulation of the President's Budget

The Budget of the United States Government consists of several volumes that set forth the President's financial proposal with recommended priorities for the allocation of resources by the Government. The primary focus of the budget is on the budget year—the next fiscal year for which Congress needs to make appropriations, in this case 2002. (Fiscal year 2002 will begin on October 1, 2001 and end on September 30, 2002.) The budget also covers at least the four years following the budget year in order to reflect the effect of budget decisions over the longer term. It includes the funding levels provided for the current year, in this case 2001, so that the reader can compare the budget estimates to the most recently enacted levels, and it includes data on the most recently completed fiscal year, in this case 2000, so that the reader can compare budget estimates to actual accounting data.

In a normal year, the President begins the process of formulating the budget by establishing general budget and fiscal policy guidelines, usually by the spring of each year, at least nine months before the President transmits the budget to Congress and at least 18 months before the fiscal year begins. (See the Budget Calendar below.) Based on these guidelines, the Office of Management and Budget (OMB) works with the Federal agencies to establish specific policy directions and planning levels for the agencies, both for the budget

year and for at least the following four years to guide the preparation of their budget requests.

During the formulation of the budget, the President, the Director of OMB, and other officials in the Executive Office of the President continually exchange information, proposals, and evaluations bearing on policy decisions with the Secretaries of the departments and the heads of the other Government agencies. Decisions reflected in previously enacted budgets, including the one for the fiscal year in progress, and reactions to the last proposed budget (which Congress is considering when the process of preparing the upcoming budget begins) influence decisions concerning the upcoming budget. So do projections of the economic outlook, prepared jointly by the Council of Economic Advisers, OMB, and the Treasury Department.

In early fall, agencies submit their budget requests to OMB, where analysts review them and identify issues that OMB officials need to discuss with the agencies. OMB and the agencies resolve many issues themselves. Others require the involvement of the President and White House policy officials. This decision-making process is usually completed by late December. At that time, the final stage of developing detailed budget data and the preparation of the budget documents begins.

The decision-makers must consider the effects of economic and technical assumptions on the budget estimates. Interest rates, economic growth, the rate of inflation, the unemployment rate, and the number of people eligible for various benefit programs, among other things, affect Government spending and receipts. Small changes in these assumptions can affect budget estimates by billions of dollars. (Chapter 1, "Economic As-

sumptions,” in the *Analytical Perspectives* volume of the budget provides more information on this subject.)

Statutory limitations on changes in receipts and outlays through 2002 also influence budget decisions (see Budget Enforcement below).

Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the allocation of resources among the functions of the Government, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and statutory constraints.

The law governing the President’s budget specifies that the President is to transmit the budget to Congress on or after the first Monday in January but not later than the first Monday in February of each year for the following fiscal year, which begins on October 1. This gives Congress eight to nine months before the fiscal year begins to act on the budget.

In some years, for various reasons, the President cannot adhere to the normal schedule. One reason is that the current law does not require an outgoing President to transmit a budget, and it is impractical for an incoming President to complete a budget within a few days of taking office on January 20th. President Clinton, the first President subject to the current requirement, submitted a report to Congress on February 17, 1993, describing the comprehensive economic plan he proposed for the Nation and containing summary budget information. He transmitted the Budget of the United States for 1994 on April 8, 1993. President George W. Bush similarly submitted an initial document, *A Blueprint for New Beginnings—A Responsible Budget for America’s Priorities*, to Congress on February 28, 2001, and is submitting the *Budget of the United States for Fiscal Year 2002* in April 2001.

In some years, the late or pending enactment of appropriations acts, other spending legislation, and tax laws considered in the previous budget cycle have delayed preparation and transmittal of complete budgets. For this reason, for example, President Reagan submitted his budget for 1988 forty-five days after the date specified in law. In other years, Presidents have submitted abbreviated budget documents on the due date, sending the more detailed documents weeks later. For example, President Clinton transmitted an abbreviated budget document to Congress on February 5, 1996, because of uncertainty over 1996 appropriations as well as possible changes in mandatory programs and tax policy. He transmitted a Budget Supplement and other budget volumes in March 1996.

This Administration supports biennial budgeting and appropriations, under which the President’s budget would request, and Congress would provide, appropriations covering a two-year period (see *A Blueprint for New Beginnings*, “Biennial Budgeting and Appropriations,” p.174).

## Congressional Action<sup>1</sup>

Congress considers the President’s budget proposals and approves, modifies, or disapproves them. It can change funding levels, eliminate programs, or add programs not requested by the President. It can add or eliminate taxes and other sources of receipts, or make other changes that affect the amount of receipts collected.

Congress does not enact a budget as such. Through the process of adopting a budget resolution (described below), it agrees on levels for total spending and receipts, the size of the deficit or surplus, and the debt limit. The budget resolution then provides the framework within which congressional committees prepare appropriations bills and other spending and receipts legislation. Congress provides spending authority for specified purposes in several regular appropriations acts each year (traditionally thirteen). It also enacts changes each year in other laws that affect spending and receipts. Both appropriations acts and these other laws are discussed in the following paragraphs.

In making appropriations, Congress does not vote on the level of outlays (spending) directly, but rather on budget authority, which is the authority provided by law to incur financial obligations that will result in outlays. In a separate process, prior to making appropriations, Congress usually enacts legislation that authorizes an agency to carry out particular programs and, in some cases, limits the amount that can be appropriated for the programs. Some authorizing legislation expires after one year, some expires after a specified number of years, and some does not expire. Congress may enact appropriations for a program even though there is no specific authorization for it.

Congress begins its work on the budget shortly after it receives the President’s budget. Under the procedures established by the Congressional Budget Act of 1974, Congress decides on budget totals before completing action on individual appropriations. The Act requires each standing committee of the House and Senate to recommend budget levels and report legislative plans concerning matters within the committee’s jurisdiction to the Budget Committee in each body. The Budget Committees then initiate the concurrent resolution on the budget. The budget resolution sets levels for total receipts and for budget authority and outlays, both in total and by functional category (see Functional Classification below). It also sets levels for the budget deficit or surplus and debt. The statutory limitations on changes in receipts and outlays through 2002 that apply to the President’s budget also apply to the budget resolution.

In the report on the budget resolution, the Budget Committees allocate the amounts of budget authority and outlays within the functional category totals to the House and Senate Appropriations Committees and the

<sup>1</sup>For a fuller discussion of the congressional budget process, see Robert Keith and Allen Schick, *Manual on the Federal Budget Process* (Congressional Research Service Report 98-720 GOV, August 28, 1998.).

other committees that have jurisdiction over the programs in the functions. The Appropriations Committees are required, in turn, to allocate amounts of budget authority and outlays among their respective subcommittees. The subcommittees may not exceed their allocations in drafting spending bills. The other committees with jurisdiction over spending and receipts may make allocations among their subcommittees but are not required to. The Budget Committees' reports may discuss assumptions about the level of funding for major programs. While these assumptions do not bind the committees and subcommittees with jurisdiction over the programs, they may influence their decisions. The budget resolution may contain "reconciliation directives" (discussed below) to the committees responsible for tax laws and for spending not controlled by annual appropriation acts, in order to conform the level of receipts and this type of spending to the levels specified in the budget resolution.

The congressional timetable calls for the whole Congress to adopt the budget resolution by April 15 of each year, but Congress regularly misses this deadline. Once Congress passes a budget resolution, a member of Congress can raise a point of order to block a bill that would exceed a committee's allocation.

A concurrent resolution, such as the one on the budget, is not a law and, therefore, does not require the President's approval. However, Congress considers the President's views in preparing budget resolutions, because legislation developed to meet congressional budget allocations does require the President's approval. In some years, the President and the joint leadership of Congress have formally agreed on plans to reduce the deficit or balance the budget. These agreements were reflected in the budget resolution and legislation passed for those years. This Administration proposes to formalize this process by making the budget resolution a joint resolution, which would require the President's approval and would have the force of law (see *A Blueprint for New Beginnings*, "Joint Budget Resolution," p.174).

Appropriations bills are initiated in the House. They provide the budget authority for the majority of Federal programs. The Appropriations Committee in each body has jurisdiction over annual appropriations. These committees are divided into subcommittees that hold hearings and review detailed budget justification materials prepared by the agencies within the subcommittee's jurisdiction. After a bill has been drafted by a subcommittee, the committee and the whole House, in turn, must approve the bill, usually with amendments to the original version. The House then forwards the bill to the Senate, where a similar review follows. If the Senate disagrees with the House on particular matters in the bill, which is often the case, the two bodies form a conference committee (consisting of Members of both bodies) to resolve the differences. The conference committee revises the bill and returns it to both bodies for approval. When the revised bill is agreed to, first

in the House and then in the Senate, Congress sends it to the President for approval or veto.

The President can only approve or veto an entire bill. He cannot approve or veto selected parts of a bill. In 1996, Congress enacted the Line Item Veto Act, granting the President limited authority to cancel new spending and limited tax benefits when he signs laws enacted by the Congress. However, in 1998, the Supreme Court declared the authority provided by the Act to be unconstitutional. This Administration proposes to give the President a form of line-item veto authority that will pass constitutional muster. It would allow the President to decline to spend funds or grant limited tax benefits whenever the President determines that the spending or limited tax benefits (to 100 or fewer beneficiaries) are not essential to Government functions and the national interest would not be harmed (see *A Blueprint for New Beginnings*, "Line-Item Veto," p. 175).

If Congress does not complete action on one or more appropriations bills by the beginning of the fiscal year, it enacts a joint resolution called a "continuing resolution", which is similar to an appropriations bill, to provide authority for the affected agencies to continue operations at some specified level up to a specific date or until their regular appropriations are enacted. In some years, a continuing resolution has funded a portion or all of the Government for the entire year. Congress must present these resolutions to the President for approval or veto. In some cases, Presidents have rejected continuing resolutions because they contained unacceptable provisions. Left without funds, Government agencies were required by law to shut down operations—with exceptions for some activities—until Congress passed a continuing resolution the President would approve. Shutdowns have lasted for periods of a day to several weeks. This Administration proposes a backup plan to avoid the threat of a Government shutdown. Under this plan, if an appropriations bill is not signed by October 1 of the new fiscal year, funding would be provided automatically at the lower of the President's budget request or the prior year's level. This would remove incentives for the President or the congressional leadership to use the leverage of shutting down Government to achieve spending objectives (see *A Blueprint for New Beginnings*, "Government Shutdown Prevention," p. 175).

As explained earlier, Congress also provides budget authority in laws other than appropriations acts. In fact, while annual appropriations acts control the spending for the majority of Federal programs, they control only one-third of the total spending in a typical year. Permanent laws, called authorizing legislation, control the rest of the spending. This category of spending includes interest the Government pays on the public debt. It also includes the spending of several major programs, such as Social Security, Medicare and Medicaid, unemployment insurance, and federal employee retirement. This chapter discusses the control of budget authority and outlays in greater detail under BUDGET

## AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS.

Almost all taxes and most other receipts result from permanent laws. The House initiates tax bills, specifically in the Ways and Means Committee. In the Senate, the Finance Committee has jurisdiction over tax laws.

The budget resolution often includes reconciliation directives, which require authorizing committees to change permanent laws that affect receipts and outlays. They direct each designated committee to report amendments to the laws under the committee's jurisdiction that would change the levels of receipts and spending controlled by the laws. The directives specify the dollar amount of changes that each designated committee is expected to achieve, but do not specify the laws to be changed or the changes to be made. However, the Budget Committees' reports on the budget resolution may discuss assumptions about how the laws would be changed. Like other assumptions in the report, they do not bind the committees of jurisdiction but may influence their decisions.

The committees subject to reconciliation directives draft the implementing legislation. Such legislation may, for example, change the tax code, revise benefit formulas or eligibility requirements for benefit programs, or authorize Government agencies to charge fees to cover some of their costs. In some years, Congress has enacted an omnibus budget reconciliation act, which combines the amendments to implement reconciliation directives in a single act. These acts, together with appropriations acts for the year, often implement agreements between the President and the Congress. They may include other matters, such as laws providing the means for enforcing these agreements, as described below.

### Budget Enforcement

The Budget Enforcement Act (BEA), first enacted in 1990 and extended in 1993 and 1997, significantly amended the laws pertaining to the budget process, including the Congressional Budget Act, the Balanced Budget and Emergency Deficit Control Act, and the law pertaining to the President's budget (see PRINCIPAL BUDGET LAWS, later in the chapter). The BEA constrains legislation enacted through 2002 that would increase spending or decrease receipts. Although the BEA expires after 2002, this Administration proposes to extend it (see *A Blueprint for New Beginnings*, "Spending Limits and Pay-As-You-Go," p. 171).

The BEA divides spending into two types—*discretionary spending* and *direct spending*. Discretionary spending is controlled through annual appropriations acts. Funding for salaries and other operating expenses of Government agencies, for example, is usually discretionary because it is usually provided by appropriations acts. Direct spending is more commonly called mandatory spending. Mandatory spending is controlled by permanent laws. Medicare and medicaid payments, unemployment insurance benefits, and farm price supports are examples of mandatory spending, because perma-

nent laws authorize payments for those purposes. The BEA specifically defines funding for the Food Stamp program as mandatory spending, even though appropriations acts provide the funding. The BEA includes receipts under the same rules that apply to mandatory spending, because permanent laws generally control receipts. The BEA constrains discretionary spending differently from mandatory spending and receipts, as explained in the following paragraphs.

The BEA defines categories of discretionary spending and specifies dollar limits ("caps") on the amount of spending in each category. The categories and their amounts are determined by negotiations within Congress, and between Congress and the President, each time the BEA is amended. Amounts cannot be shifted from one category to another, and the BEA provides no incentive for appropriating less than the cap levels. Thus, the caps tend to be targets for the amount of spending in each category. The caps apply to both budget authority and outlays—except in the case of the highway and mass transit caps, which apply only to outlays.

The categories have varied from year to year under the original and amended versions of the BEA. The current categories, except for the one called "Other Discretionary," were added by amendments to the BEA by other laws. The Violent Crime Control and Reduction Act of 1994 (Public Law 103-322) added a category for violent crime reduction spending, which expired after 2000. The Transportation Equity Act for the 21st Century (TEA-21) (Public Law 105-178) added categories for highway and mass transit spending for 1999 through 2003. The Department of Interior and Related Agencies Appropriations Act, 2001 (Public Law 106-291) added a category for conservation spending for 2002 through 2006. In addition to specifying caps for this category, the BEA specifies minimum levels of spending for six subcategories. Because the BEA itself expires after 2002, the categories in later years will apply to budgets for those years only if an extension of the BEA is enacted and those categories are retained. In some years prior to 2000, the BEA divided discretionary spending into the major categories of national defense, international, and domestic spending. The *Historical Tables* volume of the budget provides comparable data for these categories for 1962 through 2006.

The BEA includes general requirements for OMB to adjust the caps up or down for changes in concepts and definitions, to accommodate appropriations designated by the President and the Congress as emergency spending, and to allow a limited amount of leeway when the level of budget authority does not exceed the budget authority cap but the estimate of outlays resulting from the budget authority exceeds the outlay cap.

The BEA also specifies cap adjustments for certain programs for various reasons. For example, the caps must be increased up to a specified dollar limit to accommodate appropriations for continuing disability reviews by the Social Security Administration. This ad-

justment was included in the BEA because it was determined that the reviews reduce overall spending by eliminating benefit payments to ineligible individuals.

The caps adjustments required for the highways and mass transit categories are designed to ensure that spending levels match the receipts that are earmarked for those programs. The highways and mass transit caps on outlays were based on estimates, at the time TEA-21 was drafted, of gasoline excise taxes and other receipts credited to the Highway Trust Fund each year. The TEA-21 amendments require OMB to adjust these caps up or down for the difference in the amount of receipts actually collected in the past year and for estimates of the amount the Government expects to collect in the budget year.

The cap adjustments required for the conservation spending category are designed to encourage Congress to appropriate up to the cap level. If appropriations for a given year in the conservation spending category are less than the caps, the BEA requires OMB to increase the caps for the following year by the shortfall. And, if appropriations for a given year in a subcategory of the conservation spending category are less than the specified level for that category, the BEA requires OMB to increase the minimum level for the following year by the shortfall.

The following table shows the adjusted caps. The Preview Report (described below) explains the cap adjustments and new cap levels proposed in this budget.

#### DISCRETIONARY SPENDING LIMITS

(In billions of dollars)

|                          | 2000 | 2001 | 2002 |
|--------------------------|------|------|------|
| Violent crime reduction: |      |      |      |
| Budget Authority .....   | 5    | N/A  | N/A  |
| Outlays .....            | 6    | N/A  | N/A  |
| Highways:                |      |      |      |
| Budget Authority .....   | N/A  | N/A  | N/A  |
| Outlays .....            | 25   | 27   | 29   |
| Mass transit:            |      |      |      |
| Budget Authority .....   | N/A  | N/A  | N/A  |
| Outlays .....            | 4    | 5    | 5    |
| Conservation spending:   |      |      |      |
| Budget Authority .....   | N/A  | N/A  | 2    |
| Outlays .....            | N/A  | N/A  | 1    |
| Outlays.                 |      |      |      |
| Other discretionary:     |      |      |      |
| Budget Authority .....   | 580  | 641  | 547  |
| Outlays .....            | 569  | 618  | 537  |
| Total discretionary:     |      |      |      |
| Budget Authority .....   | 585  | 641  | 549  |
| Outlays .....            | 604  | 649  | 572  |

N/A means that this category was not applicable in the specified year.

If the amount of budget authority provided in appropriations acts for a given year exceeds the cap on budget authority for a category, or the amount of outlays in that year estimated to result from this budget authority exceeds the cap on outlays for a category, the BEA requires a procedure, called sequestration, for reducing the spending in that category. A sequestration reduces spending for most programs in the category

by a uniform percentage. The BEA specifies special rules for reducing some programs and exempts some programs from sequestration entirely. However, in some years (including 2001), the caps have been circumvented by designating funds as emergency spending (such as spending for the decennial census) and by using advance appropriations to spread budget authority over more than one year, when there is no programmatic purpose for doing so. For 2001, Congress and the Clinton Administration enacted appropriations well above the discretionary spending levels set in the BEA and legislated a \$95.5 billion increase in the cap for that year to accommodate the increase. This Administration proposes to extend the caps at appropriate levels and to end the practices designed to evade them (see *A Blueprint for New Beginnings*, pp. 171-174).

The BEA does not cap mandatory spending or require a certain level of receipts. Instead, it requires that all laws enacted through 2002 that affect mandatory spending or receipts must be enacted on a “*pay-as-you-go*” (**PAYGO**) basis. This means that if a law increases the deficit or reduces a surplus in the budget year or any of the four following years, another law must be enacted with an offsetting reduction in spending or increase in receipts for each year that is affected. Legislated increases in benefit payments, for example, would have to be offset by legislated reductions in other mandatory spending or increases in receipts. Otherwise, a sequestration would be triggered at the end of the session of Congress in the fiscal year in which the deficit would be increased. The BEA sequestration procedures require a uniform reduction of mandatory spending programs that are neither exempt nor subject to special rules. The BEA exempts social security, interest on the public debt, Federal employee retirement, Medicaid, most means-tested entitlements, deposit insurance, other prior legal obligations, and most unemployment benefits. A special rule limits the sequestration of Medicare spending to no more than four percent, and special rules for some other programs limit the size of a sequestration for those programs. As a result of exemptions and special rules, only about three percent of all mandatory spending is subject to sequestration, including the maximum amounts allowed under special rules. The PAYGO constraints have been skirted in recent years. For example, in 2001 Congress and the Clinton Administration waived the PAYGO requirements for \$18 billion in spending. This Administration proposes to extend the PAYGO requirements. The President’s budget sets aside the Social Security surplus and additional on-budget surpluses for debt reduction and contingencies. These levels ensure the President’s tax plan and his Medicare Helping Hand and modernization reforms are fully financed by the surplus. The Administration will work with Congress to set new PAYGO requirements that accommodate these proposals.

The PAYGO rules do not apply to increases in mandatory spending or decreases in receipts that are not the result of new laws. For example, mandatory spend-

ing for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries rises, and many benefit payments are automatically increased for inflation under existing laws. Likewise, tax receipts decrease when the profits of private businesses decline as the result of economic conditions.

The BEA requires OMB to make the estimates and calculations that determine whether there is to be a sequestration and report them to the President and Congress. It requires the Congressional Budget Office (CBO) to make the same estimates and calculations, and the Director of OMB to explain any differences between the OMB and CBO estimates. The BEA requires the President to issue a sequestration order without changing any of the particulars of the OMB report. It requires the General Accounting Office to prepare compliance reports.

The BEA requires OMB and CBO to publish three sequestration reports—a “preview” report at the time the President submits the budget, an “update” report in August, and a “final” report at the end of a session of Congress (usually in the fall of each year). The preview report discusses the status of discretionary and PAYGO sequestration, based on current law. This report also explains the adjustments that are required by law to the discretionary caps and publishes the revised caps. (See Chapter 13, “Preview Report,” in the *Analytical Perspectives* volume of the budget.) The update and final reports revise the preview report estimates to reflect the effects of newly enacted discretionary and PAYGO laws. The BEA requires OMB and CBO to estimate the effects of appropriations acts and PAYGO laws immediately after each one is enacted and to include these estimates, without change, in the update and final reports. OMB’s final report estimates trigger a sequestration if the appropriations enacted for the current year exceed the caps or if the cumulative effect of PAYGO legislation is estimated to increase a deficit or reduce a surplus. In addition, CBO estimates the effects of bills as they move through Congress for the purpose of the Budget Committees’ en-

forcement of the budget resolution within Congress. OMB provides advisory estimates on bills that might have significant consequences as they move through Congress.

From the end of a session of Congress through the following June 30th, discretionary sequestrations take place whenever an appropriations act for the current fiscal year causes a cap to be exceeded. Because a sequestration in the last quarter of a fiscal year might be too disruptive, the BEA specifies that a sequestration that otherwise would be required then is to be accomplished by reducing the cap for the next fiscal year. These requirements ensure that supplemental appropriations enacted during the fiscal year are subject to the budget enforcement provisions.

### Budget Execution

Government agencies may not spend more than Congress has appropriated, and they may use funds only for purposes specified in law. The Antideficiency Act prohibits them from spending or obligating the Government to spend in advance of an appropriation, unless specific authority to do so has been provided in law. Additionally, the Act requires the President to apportion the funds available to most executive branch agencies. The President has delegated this authority to OMB, which usually apportions by time periods (usually by quarter of the fiscal year) and sometimes by activities. Agencies may request OMB to reapportion funds during the year to accommodate changing circumstances. This system helps to ensure that funds are available to cover operations for the entire year.

During the budget execution phase, the Government often finds that it needs to spend more money than Congress has appropriated for the fiscal year because of circumstances that were not anticipated when the budget was formulated and appropriations enacted for that fiscal year. For example, more money might be needed in order to provide adequate assistance to an area stricken by an unusually severe natural disaster. Under such circumstances, Congress may enact a sup-

### Budget Calendar

The following timetable highlights the scheduled dates for significant budget events during a normal year.

|  |  |
|--|--|
| Between the 1st Monday<br>in January and the 1st<br>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<br>session of Congress .....                      | OMB issues final sequestration report, and the President issues a sequestration order, if necessary. |

plemental appropriation. However, this Administration proposes an approach to funding emergency spending that would avoid the need for supplemental appropriations, except in the most dire circumstances (see *A Blueprint for New Beginnings*, "Budgeting for Emergencies—The National Emergency Reserve," p. 173).

On the other hand, changing circumstances may reduce the need for certain spending for which Congress has appropriated funds. Under the requirements of the Impoundment Control Act of 1974, the President cannot simply decline to spend appropriations. The President may propose deferrals or rescissions. Deferrals, which are temporary withholdings, take effect immediately unless overturned by an act of Congress. The President may only defer funds to provide for contingencies, to achieve savings made possible through changes in requirements or greater efficiency of operations, or as

otherwise specifically provided in law. He may not defer funds for policy reasons. In 2000, President Clinton proposed a total of \$1.6 billion in deferrals, and Congress overturned none. Rescissions, which permanently cancel budget authority, take effect only if Congress passes a law approving them. The law may approve only part of a rescission. If Congress does not pass such a law within 45 days of continuous session, the President must make the funds available for spending. The President may propose a rescission for any reason. In total, Congress has rescinded about one-third of the amount of funds that Presidents have proposed for rescission since enactment of the Impoundment Control Act. In 2000, President Clinton proposed rescissions totaling \$128 million, but Congress did not rescind any of this amount.

## COVERAGE OF THE BUDGET

### Federal Government and Budget Totals

#### TOTALS FOR THE BUDGET AND THE FEDERAL GOVERNMENT

(In billions of dollars)

|                          | 2000<br>actual | Estimate |       |
|--------------------------|----------------|----------|-------|
|                          |                | 2001     | 2002  |
| <b>Budget authority:</b> |                |          |       |
| Unified .....            | 1,825          | 1,894    | 2,005 |
| On-budget .....          | 1,490          | 1,542    | 1,644 |
| Off-budget .....         | 335            | 352      | 360   |
| <b>Receipts:</b>         |                |          |       |
| Unified .....            | 2,025          | 2,137    | 2,192 |
| On-budget .....          | 1,545          | 1,633    | 1,661 |
| Off-budget .....         | 481            | 504      | 531   |
| <b>Outlays:</b>          |                |          |       |
| Unified .....            | 1,789          | 1,856    | 1,961 |
| On-budget .....          | 1,458          | 1,509    | 1,601 |
| Off-budget .....         | 331            | 348      | 359   |
| <b>Surplus:</b>          |                |          |       |
| Unified .....            | 236            | 281      | 231   |
| On-budget .....          | 87             | 125      | 59    |
| Off-budget .....         | 150            | 156      | 172   |

The budget documents provide information on all Federal agencies and programs. However, because the laws governing Social Security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) and the Postal Service Fund exclude the receipts and outlays for those activities from the budget totals and from the calculation of the deficit or surplus for Budget Enforcement Act purposes, the budget presents on-budget and off-budget totals. The off-budget totals include the transactions excluded by law from the budget totals. The on-budget and off-budget amounts are added together to derive the totals for the Federal Government. These are sometimes referred to as the unified or consolidated budget totals.

Neither the on-budget nor the off-budget totals include transactions of Government-sponsored enter-

prises, such as the Federal National Mortgage Association (Fannie Mae). Federal laws established these enterprises for public policy purposes, but they are privately owned and operated corporations. Because of their close relationship to the Government, the budget discusses them and reports their financial data in the *Appendix* to the budget and in some detailed tables.

The *Appendix* includes a presentation for the Board of Governors of the Federal Reserve System for information only. The amounts are not included in either the on-budget or off-budget totals because of the independent status of the System. However, the Federal Reserve System transfers its net earnings to the Treasury, and the budget records them as receipts.

### Functional Classification

The functional classification arrays budget authority, outlays, and other budget data according to the major purpose served—such as agriculture, income security, and national defense. There are nineteen major functions, most of which are divided into subfunctions. For example, the Agriculture function comprises the subfunctions *Farm Income Stabilization* and *Agricultural Research and Services*. The functional classification is an integral part of the congressional budget process, and the functional array meets the Congressional Budget Act requirement for a presentation in the budget by national needs and agency missions and programs.

The following criteria are used in establishing functional categories and assigning activities to them:

- A function encompasses activities with similar purposes, emphasizing what the Federal Government seeks to accomplish rather than the means of accomplishment, the objects purchased, the clientele or geographic area served, or the Federal agency conducting the activity.
- A function must be of continuing national importance, and the amounts attributable to it must be significant.

- Each basic unit being classified (generally the appropriation or fund account) usually is classified according to its primary purpose and assigned to only one subfunction. However, some large accounts that serve more than one major purpose are subdivided into two or more subfunctions.

Section III, “Creating a Better Government,” in the main Budget volume of the budget provides information on government activities by function and subfunction.

### Agencies, Accounts, Programs, Projects, and Activities

Various summary tables in the *Analytical Perspectives* volume of the budget provide information on budget authority, outlays, and offsetting collections and receipts arrayed by Federal agency. Chapter 26 of that volume, “Federal Programs by Agency and Account,” consists of a table that lists budget authority and outlays by budget account within each agency and the totals for each agency of budget authority, outlays, and receipts that offset the agency spending totals. The *Appendix* provides budgetary, financial, and descriptive information about programs, projects, and activities by account within each agency. The *Appendix* also presents the most recently enacted appropriation language for an account and any changes that are proposed to be made for the budget year.

### Types of Funds

Agency activities are financed through Federal funds and trust funds.

**Federal funds** comprise several types of funds. Receipt accounts of the **general fund**, which is the greater part of the budget, record receipts not earmarked by law for a specific purpose, such as almost all income tax receipts. The general funds also includes the proceeds of general borrowing. General fund appropriation accounts record general fund expenditures. General fund appropriations draw from general fund receipts collectively and, therefore, are not specifically linked to receipt accounts. **Special funds** consist of receipt accounts for Federal fund receipts that laws have earmarked for specific purposes and the associated appropriation accounts for the expenditure of those receipts. **Public enterprise funds** are revolving funds used for programs authorized by law to conduct a cycle of business-type operations, primarily with the public, in which outlays generate collections. **Intragovernmental funds** are revolving funds that conduct business-type operations primarily within and between Government

agencies. The collections and the outlays of revolving funds are recorded in the same budget account.

**Trust funds** account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (such as the Highway Trust Fund) or for carrying out the stipulations of a trust where the Nation is the beneficiary (such as any of several trust funds for gifts and donations for specific purposes). **Trust revolving funds** are trust funds credited with collections earmarked by law to carry out a cycle of business-type operations.

The Federal budget meaning of the term “trust,” as applied to trust fund accounts, differs significantly from its private sector usage. In the private sector, the beneficiary of a trust usually owns the trust’s assets, which are managed by a trustee who must follow the stipulations of the trust. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments, or change the purposes for which the collections are used, by changing existing laws. There is no substantive difference between a trust fund and a special fund or between a trust revolving fund and a public enterprise revolving fund. The Government does act as a true trustee for some funds. For example, it maintains accounts on behalf of individual Federal employees in the Thrift Savings Fund, investing them as directed by the individual employee. The Government accounts for such funds in **deposit funds**, which are not included in the budget. (Chapter 15, “Trust Funds and Federal Funds,” in the *Analytical Perspectives* volume of the budget provides more information on this subject.)

### Current Operating Expenditures and Capital Investment

The budget includes all types of spending, including both current operating expenditures and capital investment. Capital investment includes direct purchases of land, structures, equipment, and software. It also includes subsidies for capital investment provided by direct loans and loan guarantees; purchases of other financial assets; grants to state and local governments for purchases of physical assets; and the conduct of research, development, education, and training. (Chapter 6, “Federal Investment Spending and Capital Budgeting,” in the *Analytical Perspectives* volume of the budget provides more information on capital investment.)

## RECEIPTS, OFFSETTING COLLECTIONS, AND OFFSETTING RECEIPTS

### In General

The budget records money collected by Government agencies two different ways. Depending on the nature of the activity generating the collection, they are recorded as either:

- **Receipts**, which are compared in total to outlays (net of offsetting collections and receipts) in calculating the surplus or deficit; or

- **Offsetting collections** or **offsetting receipts**, which are deducted from gross outlays to produce net outlay figures.

### Receipts

Receipts are collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. Sometimes they are called governmental receipts. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user charges, customs duties, court fines, certain license fees, and deposits of earnings by the Federal Reserve System. Total receipts for the Federal Government include both on-budget and off-budget receipts (see the table, "Totals for the Budget and Federal Government," which appears earlier in this chapter.) Chapter 3, "Federal Receipts," in the *Analytical Perspectives* volume of the budget provides more information on receipts.

### Offsetting Collections and Receipts

Offsetting collections and receipts result from either of two kinds of transactions:

- **Business-like or market-oriented activities with the public.** The budget records the proceeds from the sale of postage stamps, the fees charged for admittance to recreation areas, and the proceeds from the sale of Government-owned land, for example, as offsetting collections or receipts. They are deducted from gross budget authority and outlays, rather than added to receipts. This treatment produces budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity.
- **Intragovernmental transactions.** The budget also records collections by one Government account from another as offsetting collections or receipts. For example, the General Services Administration records payments it receives from other Government agencies for the rent of office space as offsetting collections in the Federal Buildings Fund. Intragovernmental offsetting collections and receipts are deducted from gross budget authority and outlays so that the budget totals measure the transactions of the Government with the public.

A table in Chapter 20, "Outlays to the Public, Net and Gross," in the *Analytical Perspectives* volume of the budget, shows the effect of offsetting collections and receipts on gross outlays for each major Federal agency.

Although they both offset gross budget authority and outlays, the budget accounts for offsetting collections differently from offsetting receipts, as explained in the following sections.

### Offsetting Collections

Some laws authorize agencies to credit collections directly to the account from which they will be spent and, usually, to spend the collections for the purpose of the account without further action by Congress. Most

revolving funds operate with such authority. For example, a permanent law authorizes the Postal Service to use collections from the sale of stamps to finance its operations without a requirement for annual appropriations. The budget records these collections in the Postal Service Fund (a revolving fund) and records budget authority in an amount equal to the collections. In addition to revolving funds, some agencies are authorized to charge fees to defray a portion of costs for a program that are otherwise financed by appropriations from the general fund. In such cases, the budget records the offsetting collections and resulting budget authority in the program's general fund expenditure account. Similarly, intragovernmental collections authorized by some laws may be recorded as offsetting collections and budget authority in revolving funds or in general fund expenditure accounts.

Sometimes appropriations acts or provisions in other laws limit the obligations that can be financed by offsetting collections. In those cases, the budget records budget authority in the amount available to incur obligations. Where accounts have offsetting collections, the budget shows the budget authority and outlays of the account both gross (before deducting offsetting collections) and net (after deducting offsetting collections). Totals for the agency, subfunction, and budget are net of offsetting collections.

While most offsetting collections credited to expenditure accounts result from business-like activity or are collected from other Government accounts, some are governmental in nature but are required by law to be treated as offsetting. The budget labels these "offsetting governmental collections."

### Offsetting Receipts

Collections that are offset against gross outlays but are not authorized to be credited to expenditure accounts are credited to general fund, special fund, or trust fund receipt accounts and are called offsetting receipts. Offsetting receipts are deducted from budget authority and outlays in arriving at total budget authority and outlays. However, unlike offsetting collections credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. In most cases, they offset budget authority and outlays at the agency and subfunction levels. Offsetting receipts are subdivided into three categories, as follows:

- **Proprietary receipts from the public.**—These are collections from the public that arise out of the business-type or market-oriented activities of the Government. Most proprietary receipts are deducted from the budget authority and outlay totals of the agency that conducts the activity generating the receipt and of the subfunction to which the activity is assigned. For example, fees for using National Parks are deducted from the totals for the Department of Interior, which has responsibility for the parks, and the Recreational Resources subfunction. Proprietary receipts from a

few sources, however, are not offset against any specific agency or function and are classified as undistributed offsetting receipts. They are deducted from the Government-wide totals for budget authority and outlays. For example, the collections of rents and royalties from outer continental shelf lands are undistributed because the amounts are large and for the most part are not related to the spending of the agency that administers the transactions and the subfunction that records the administrative expenses.

- **Intragovernmental transactions.**—These are collections of payments from expenditure accounts that are deposited into receipt accounts. Most intragovernmental transactions are deducted from the budget authority and outlays of the agency that conducts the activity generating the receipts and of the subfunction to which the activity is assigned. In two cases, however, intragovernmental transactions appear as special deductions in computing total budget authority and outlays for the Government rather than as offsets at the agency level—agencies' payments as employers into employee retirement trust funds and interest received by trust funds. The special treatment for these receipts is necessary because the amounts are large and would distort the agency totals, as measures of the agency's activities, if they were attributed to the agency.
- **Offsetting governmental receipts.**—These are collections that are governmental in nature but are required by law to be treated as offsetting and are not authorized to be credited to expenditure accounts.

### User Charges and Fees

**User charges** are fees assessed for the provision of Government services and for the sale or use of Govern-

ment goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). User charges are defined and the policy regarding user charges is established in OMB Circular A-25, "User Charges" (July 8, 1993). The term encompasses proceeds from the sale or use of government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment).

**User fees** are a subset of user charges that are authorized to be utilized solely to support the program or activity for which it was levied. User fees are more limited in coverage than user charges and must be earmarked for the activity they finance by crediting them to special or trust receipts accounts (as receipts or offsetting receipts) or to expenditure accounts (as offsetting collections). User charges that are credited to the general fund of the Treasury are not user fees by definition, because they are not utilized solely to support the program or activity for which they were levied.

The terms user charges and user fees do not refer to separate budget categories for collections. The budget records user charges and user fees as receipts or as offsetting collections or offsetting receipts, depending on whether the fee results primarily from the exercise of governmental powers or from business-like activity.

See Chapter 4, "User Fees and Other Collections," in the *Analytical Perspectives* volume of the budget, for a more detailed discussion of user fees and offsetting collections and receipts.

## BUDGET AUTHORITY AND OTHER BUDGETARY RESOURCES, OBLIGATIONS, AND OUTLAYS

### Budget Authority and Other Budgetary Resources

Budget authority is the authority provided in law to enter into legal obligations that will result in immediate or future outlays of Government funds. In other words, it is the amount of money that the law allows the Government to commit to be spent in current or future years. Government officials may obligate the Government to make outlays only to the extent they have been granted budget authority. The budget records budget authority as a dollar amount in the year when it first becomes available. Under the circumstances described below, unobligated balances of budget authority may be carried over into the next year. The budget does not record these balances as budget authority again. They do, however, constitute a budgetary resource that is available for obligation. In some cases, a provision of law (such as a limitation on obligations

or a benefit formula) precludes the obligation of funds that would otherwise be available for obligation. In such cases, the budget records budget authority equal to the amount of obligations that can be incurred. (In a major exception to this rule, the budget authority recorded for the highway and mass transit programs financed by the Highway Trust Fund is the amount of budget authority (in the form of contract authority, which is described below) provided in authorizing statutes, even though the obligation limitations enacted in annual appropriations acts restrict the amount of obligations that can be incurred.)

In deciding the amount of budget authority to request for a program, project, or activity, agency officials estimate the total amount of obligations they will need to incur to achieve desired goals and subtract the amounts of unobligated balances available for these purposes. The amount of budget authority requested is influenced by the nature of the programs, projects,

or activities being financed. For current operating expenditures, the amount requested usually covers needs for the year. For major procurement programs and construction projects, the Government generally applies a full funding policy. Under this policy, agencies must request an amount to be appropriated in the first year that they estimate will be adequate to complete an economically useful segment of a procurement or project, even though it may be obligated over several years. This policy is intended to ensure that the decision-makers take into account all costs and benefits fully at the time decisions are made to provide resources. It also avoids sinking money into a procurement or project without being certain if or when future funding will be available to complete the procurement or project.

Budget authority takes several forms:

- **appropriations**, provided in annual appropriations acts or permanent laws, permit agencies to incur obligations and make payment; authority to borrow, usually provided in permanent laws, permits agencies to incur obligations but requires them to borrow funds, usually from the general fund of the Treasury, to make payment;
- **contract authority**, usually provided in permanent law, permits agencies to incur obligations in advance of a separate appropriation of the cash for payment or in anticipation of the collection of receipts that can be used for payment; and
- **spending authority from offsetting collections**, usually provided in permanent law, permits agencies to credit offsetting collections to an expenditure account, incur obligations, and make payment using the offsetting collections.

Because offsetting collections and receipts are deducted from gross budget authority, they are referred to as negative budget authority for some purposes, such as Congressional Budget Act provisions that pertain to budget authority.

Authorizing statutes usually determine the form of budget authority for a program. The authorizing statute may authorize a particular type of budget authority to be provided in annual appropriations acts, or it may provide one of the forms of budget authority directly, without the need for further appropriations. Most programs are funded by appropriations. An appropriation may make funds available from the general fund, special funds, or trust funds, or authorize the spending of offsetting collections credited to expenditure accounts, including revolving funds. Borrowing authority is usually authorized for business-like activities where the activity being financed is expected to produce income over time with which to repay the borrowing with interest. Contract authority is a traditional form of budget authority for certain programs, particularly transportation programs.

Annual appropriations acts generally make budget authority available for obligation only during the fiscal year to which the act applies. However, they specify many exceptions that allow budget authority for a par-

ticular purpose to remain available for obligation for a longer period or indefinitely (that is, until expended or until the program objectives have been attained). Typically, appropriations acts make budget authority for current operations available for only one year, and budget authority for construction and some research projects available for a specified number of years or indefinitely. Many appropriations of trust fund receipts make the budget authority available indefinitely. Only another law can extend a limited period of availability (see Reappropriation below). Budget authority provided in authorizing statutes usually remains available until expended.

Budget authority that is available for more than one year and that is not obligated in the year it becomes available is carried forward for obligation in a following year. In some cases, an account may have carried forward unobligated budget authority from more than one year. The sum of such amounts constitutes the account's **unobligated balance**. Budget authority that has been obligated but not paid constitutes the account's **obligated balance**. For example, in the case of salaries and wages, one to three weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payments may occur over a period of several years after the obligation is made. Obligated balances of budget authority at the end of the year are carried forward until the obligations are paid or the balances are canceled. (A general law cancels the obligated balances of budget authority that was made available for a definite period five years after the end of the period, and then other resources must be used to pay the obligations.) Due to such flows, a change in the amount of obligations incurred from one year to the next does not necessarily result from an equal change in the amount of budget authority available for that year and will not necessarily result in an equal change in the level of outlays in that year. Conversely, a change in the amount of budget authority available in any one year may change the level of obligations and outlays for several years to come.<sup>2</sup>

Congress usually makes budget authority available on the first day of the fiscal year for which the appropriations act is passed. Occasionally, the appropriations language specifies a different timing. The language may provide an **advance appropriation**—budget authority that does not become available until one year or more beyond the fiscal year for which the appropriations act is passed. **Forward funding** refers to budget authority that is made available for obligation beginning in the last quarter of the fiscal year (beginning on July 1st) for the financing of ongoing grant programs during the next fiscal year. This kind of funding is used mostly for education programs, so that obligations for grants can be made prior to the beginning of the next school year. For certain benefit programs funded by annual

<sup>2</sup>A separate report, "Balances of Budget Authority," provides additional information on balances. The National Technical Information Service, Department of Commerce, makes the report available shortly after the budget is transmitted.

appropriations, the appropriation provides for *advance funding*—budget authority that is to be charged to the appropriation in the succeeding year but which authorizes obligations to be incurred in the last quarter of the current fiscal year if necessary to meet benefit payments in excess of the specific amount appropriated for the year.

Provisions of law that extend the availability of unobligated amounts that have expired or would otherwise expire are called *reappropriations*. Reappropriations count as new budget authority in the fiscal year in which the balances become newly available. For example, if a 2002 appropriations act extends the availability of unobligated budget authority that otherwise would expire at the end of 2001, new budget authority would be recorded for 2002.

For purposes of the Budget Enforcement Act (discussed earlier under “Budget Enforcement”), the budget classifies budget authority as *discretionary* or *mandatory*. Generally, budget authority is discretionary if provided in an annual appropriations act and mandatory if provided in authorizing legislation. However, the BEA requires the budget authority provided in annual appropriations acts for certain specifically identified programs to be treated as mandatory. This is because the authorizing legislation in these cases entitles beneficiaries to receive payment or otherwise obligates the Government to make payment, even though the payments are funded by a subsequent appropriation. Since the authorizing legislation effectively determines the amount of budget authority required, the BEA classifies it as mandatory. As discussed later, the discretionary and mandatory classification applies to the outlays that flow from budget authority, according to the classification of the budget authority.

The budget also classifies budget authority as *definite* or *indefinite*. It is definite if the legislation that provides it specifies a dollar amount (which may be an amount not to be exceeded). It is indefinite if, instead of specifying an amount, the legislation providing it permits the amount to be determined by subsequent circumstances. For example, indefinite budget authority is provided for interest on the public debt, payment of claims and judgments awarded by the courts against the U.S., and many entitlement programs. Many of the laws that authorize collections to be credited to revolving, special, and trust funds make all of the collections available for expenditure for the authorized purposes of the fund, and such authority is considered to be indefinite budget authority. In some such cases, only some of the amount of collections otherwise available is counted as budget authority, because the rest is precluded from obligation in a fiscal year by a provision of law, such as a limitation on obligations or a benefit formula that determines the amounts to be paid (for example, the formula for unemployment insurance benefits).

## Obligations Incurred

Following the enactment of budget authority and the completion of required apportionment action, Government agencies incur obligations to make payments. Agencies must record obligations when they enter into binding agreements that will result in outlays, immediately or in the future. Such obligations include the current liabilities for salaries, wages, and interest; and contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land. For Federal credit programs, obligations are recorded in an amount equal to the estimated subsidy cost of direct loans and loan guarantees (see FEDERAL CREDIT below).

## Outlays

Outlays are the measure of Government spending. They are payments that liquidate obligations (other than the repayment of debt). The budget records them when obligations are paid, in the amount that is paid.

Function, subfunction, and agency outlay totals are stated net of related refunds to the Government, offsetting collections, and offsetting receipts for most budget presentations. (Offsetting receipts from a few sources do not offset any specific function, subfunction, or agency but only offset Government-wide totals.) Outlay totals for accounts with offsetting collections are stated both gross and net of the offsetting collections credited to the account. However, the outlay totals for special and trust funds with offsetting receipts are not stated net of the offsetting receipts. The Government usually makes outlays in the form of cash (currency, checks, or electronic fund transfers). However, in some cases agencies pay obligations without disbursing cash and the budget records outlays nevertheless. For example, the budget records outlays for the full amount of Federal employees’ salaries, even though the cash disbursed to employees is net of Federal and state income taxes, retirement contributions, life and health insurance premiums, and other deductions. (The budget also records receipts for the deductions of Federal income taxes and other payments to the Government.) When debt instruments (bonds, debentures, notes, or monetary credits) are used to pay obligations, the budget records outlays, as well as an increase in debt. For example, the budget records the acquisition of physical assets through certain types of lease-purchase arrangements as though an outlay were made for an outright purchase. Because no cash is paid up front to the nominal owner of the asset, the transaction creates a Government debt. In such cases, the cash lease payments are treated as repayments of principal and interest.

The measurement of interest varies. The budget records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when the cash is paid. Treasury issues a kind of security that features monthly adjustments to principal for inflation and semiannual payments of interest on the inflation-adjusted principal. As with fixed-rate securi-

ties, the budget records the interest payments on these securities as outlays as the interest accrues. The monthly adjustment to principal is recorded, simultaneously, as an increase in debt outstanding and an outlay of interest. The budget normally states the interest on special issues of the Treasury debt securities held by trust funds and other Government accounts on a cash basis. When a Government account is invested in Federal debt securities, the purchase price is usually close or identical to the par (face) value of the security. The budget records the investment at par value and adjusts the interest paid by Treasury and collected by the account by the difference between purchase price and par, if any. However, two trust funds in the Department of Defense, the Military Retirement Trust Fund and the Education Benefits Trust Fund, routinely have relatively large differences between purchase price and par. For these funds, the budget records the holdings of debt at par but records the differences between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security. The budget records interest as the amortization occurs.

For Federal credit programs, outlays are equal to the subsidy cost of direct loans and loan guarantees and are recorded as the underlying loans are disbursed (see FEDERAL CREDIT below).

The budget records refunds of receipts that result from overpayments (such as income taxes withheld in excess of tax liabilities) as reductions of receipts, rather than as outlays. The budget records payments to taxpayers for tax credits (such as earned income tax credits) that exceed the taxpayer's tax liability as outlays.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority pro-

vided in the same year or against unobligated balances of budget authority provided in prior years. Outlays, therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. The ratio of the outlays resulting from budget authority enacted in a given year to the amount of that budget authority is referred to as the spendout rate for that year.

As described earlier, the budget classifies budget authority as discretionary or mandatory for the purposes of the BEA. This classification indicates whether appropriations acts or authorizing legislation control the amount of budget authority that is available. Outlays are classified as discretionary or mandatory according to the classification of the budget authority from which they flow. This classification of outlays measures the extent to which actual spending is controlled through the annual appropriations process. Typically, only one-third (\$615 billion in 2000) of total outlays for a fiscal year are discretionary and the rest (\$1,174 billion in 2000) consists of mandatory spending and net interest payments. Such a large portion of total spending is nondiscretionary because authorizing legislation determines net interest payments (\$223 billion in 2000) and the spending for a few programs with large amounts of spending each year, such as Social Security (\$406 billion in 2000) and Medicare (\$194 billion in 2000).

Outlays for an account are stated both gross and net of any offsetting collections credited to the account, but function, agency, and Government-wide outlay totals are only stated net. (See Chapter 20, "Outlays to the Public, Net and Gross," in the *Analytical Perspectives* volume of the budget.) Total outlays for the Federal Government include both on-budget and off-budget outlays. (See the table, "Totals for the Budget and Federal Government" above.)

## FEDERAL CREDIT

Some Government programs make direct loans or loan guarantees. A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes equivalent transactions such as selling a property on credit terms in lieu of receiving cash up front. A **loan guarantee** is any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The Federal Credit Reform Act (FCRA) prescribes the budget treatment for Federal credit programs. This treatment is designed to measure the subsidy cost of direct loans and loan guarantees in the budget, when the loans are disbursed, rather than the cash flows over the term of the loan, so direct loans and loan guarantees can be compared to each other and to other methods of delivering benefits, such as grants, on an equivalent basis.

The budget records the estimated long-term cost to the Government arising from direct loans and loan guarantees in **credit program accounts**. The cost is estimated as the present value of expected disbursements over the term of the loan less the present value of expected collections.<sup>3</sup> For most credit programs, as with most other kinds of programs, agencies can incur costs only if Congress has appropriated funds sufficient to cover the costs in annual appropriations acts.

When an agency disburses a direct loan or when a non-Federal lender disburses a loan guaranteed by an agency, the program account outlays an amount equal to the cost to a non-budgetary **credit financing account**. For a few programs, the computed cost is negative, because the present value of expected collections over the term of the loan exceeds that of expected disbursements. In such cases, the financing account makes a payment to the Treasury general fund where it is

<sup>3</sup>Present value is a standard financial concept that allows for the time value of money, that is, for the fact that a given sum of money is worth more at present than in the future because interest can be earned on it.

recorded as an offsetting receipt in an account identified to the program. In a few cases, the receipts are earmarked in a special fund established for the program and are available for appropriation for the program.

The agencies responsible for credit programs must reestimate the cost of the outstanding direct loans and loan guarantees, normally each year. If an agency estimates the cost to have increased, the agency must make an additional outlay from the program account to the financing account. If the agency estimates the cost to have decreased, the agency must make a payment from the financing account to the program's receipt account, where it is recorded as an offsetting receipt. The FCRA provides a permanent indefinite appropriation to pay the increased costs resulting from reestimates.

If the Government modifies the terms of an outstanding direct loan or loan guarantee in a way that increases the cost, as the result of a law or the exercise of administrative discretion under existing law, the agency must record an obligation in the program account for an additional amount equal to the increased cost and outlay the amount to the financing account. As with the original costs, agencies may incur modification costs only if Congress has appropriated funds to cover them. The Government may reduce costs by modifications, in which case the agency makes a payment from the financing account to the program's receipt account.

**Credit financing accounts** record all cash flows to and from the Government arising from direct loan obligations and loan guarantee commitments. These cash flows consist mainly of direct loan disbursements and repayments, loan guarantee default payments, fees, and amounts recovered from disposing of assets acquired as a result of defaults. Separate financing accounts record the cash flows of direct loans and of loan guarantees for programs that do both. The budget totals exclude the transactions of financing accounts because they are not a cost to the Government. Financing account transactions affect the means of financing a budget surplus or deficit (see *Credit Financing Accounts* in the next section). The budget documents display the transactions of the financing accounts, together with the related program accounts, for information and analytical purposes.

The FCRA grandfathered direct loan obligations and loan guarantee commitments made prior to 1992. The budget records the transactions associated with these direct loans and loan guarantees on a cash flow basis in credit liquidating accounts, which, in most cases, are the accounts that were used for the programs prior to the enactment of the FCRA. However, this exception ceases to apply if the direct loans or loan guarantees are modified as described above. In that case, the budget records a modification subsidy cost or savings, as appropriate, and begins to account for the associated transactions as the FCRA prescribes for direct loan obligations and loan guarantee commitments made in 1992 or later.

## BUDGET DEFICIT OR SURPLUS AND MEANS OF FINANCING

When outlays exceed receipts, the difference is a deficit. The Government finances deficits by borrowing and, to a limited extent, with the other means of financing discussed under this heading. The Government's debt (debt held by the public) is approximately the cumulative amount of borrowing to finance deficits, less repayments. When receipts exceed outlays, the difference is a surplus. The Government uses the surplus to reduce debt and applies it to the means of financing. Most of the other means of financing may be either positive or negative; that is, they may increase or decrease the Government's borrowing needs or its ability to reduce the publicly held debt.

### Borrowing and Debt Repayment

The budget treats borrowing and debt repayment as a means of financing, not as receipts and outlays. If borrowing were defined as receipts and debt repayment as outlays, the budget would be virtually balanced by definition. This rule applies both to borrowing in the form of Treasury securities and to specialized borrowing in the form of agency securities (including the issuance of debt securities to liquidate an obligation and the sale of certificates representing participation in a pool of loans). In 2000, the Government repaid \$223 billion of debt held by the public. This was the result of a

\$281 billion surplus in that year. The rest of the surplus was needed to finance direct loans disbursed in credit financing accounts, which are discussed below, and for smaller changes in the other means of financing. At the end of 2000, the debt held by the public was \$3,410 billion. In addition to selling debt to the public, the Treasury Department issues debt to Government accounts, primarily trust funds that are required by law to invest in Treasury securities. Issuing and redeeming this debt does not affect the means of financing, because these transactions occur between one Government account and another and thus do not raise or use any cash for the Government as a whole. (See Chapter 12, "Federal Borrowing and Debt," in the *Analytical Perspectives* volume of the budget for a fuller discussion of this topic.)

### Debt Buyback Premiums and Discounts

In 2000 and 2001, the Treasury Department bought back outstanding U.S. Treasury bonds as part of its efforts to manage efficiently the reduction of the publicly held debt. Because interest rates at the time were lower than the coupon rates on the bonds that Treasury bought back, the government had to pay a premium over the book value of these securities. However, because any new securities issued to finance these pur-

chases carried a lower coupon rate than the old securities, these transactions involved no net long-term cost to the taxpayer; in fact, if the liquidity of new issues of Treasury securities is enhanced by the buybacks, as expected, total interest costs should be reduced.

There is no precise precedent for the budget treatment of debt buybacks, in that the Treasury had not entered into the market to buy outstanding Federal securities for cash during the past 70 years or so. The buyback premium is part of the cost of borrowing money for the period in which the debt was outstanding, like a coupon interest payment. Interest payments are normally recorded as budget outlays over the period in which the debt is outstanding, but buyback premiums present special problems, in that they would be paid when the debt is repaid. If the budget recorded outlays at the time of the premium payment, this would show the cost at a time different from when it was incurred and would make it appear that the buyback itself resulted in an additional cost to the government. It would also have the effect of reducing the budget surplus, which could discourage buybacks, even though they impose no additional cost to the government. Moreover, under this accounting, the budget would record receipts if securities were bought at a discount (which would be the case when current interest rates were higher than the rates on outstanding securities). This would create a perverse incentive to buy back securities that were available at a discount to increase the recorded surplus, even though such transactions would yield no long-term gain to the government.

Before any buybacks occurred, OMB considered several alternatives to recording buyback premiums and discounts in the year of the buyback. Like scoring the buyback premiums immediately, each had advantages and disadvantages. After consulting with the Congressional Budget Office and the House and Senate Budget Committees, OMB concluded that, on balance, the best option was to record payments for premiums or collections for discounts not as outlays or receipts, but as a means of financing the surplus or deficit, in the year of the buyback. This avoids the perverse incentives associated with recording outlays or receipts all in the buyback year. It does not require repeated changes to the historical data. It does not distort outlays in the current year or future years as a measure of the costs incurred in those periods. A disadvantage is that the budget does not record buyback premiums as interest outlays or buyback receipts as interest receipts in any period, and thus the budget permanently misstates the cumulative interest outlays over time.

This treatment clearly would not be appropriate for any non-financial Federal transaction. Debt buybacks would not use or transfer the control of real resources, would not change the net worth (in economic terms) of the Federal government or the private sector, and would not change net credit flows. In contrast, any government transfer payment, or any purchase of a good or service, would so allocate Federal resources,

and so must be recorded as a budgetary outlay. Most Federal financial transactions, including the payment of coupon interest on outstanding securities and the subsidy conveyed by direct loans and loan guarantees, also impose a cost on the government and allocate resources, and therefore must also be recorded as outlays. This is so even though a government purchase might be deemed to have long-term benefits for the Nation (in fact, all government purchases are deemed to be beneficial), or might be undertaken under a legal obligation (such as the payment of coupon interest on outstanding Treasury bonds, notes or bills).

Chapter 24, "Budget System and Concepts and Glossary," in the *Analytical Perspectives* volume of the 2001 budget discusses the basis for this conclusion in more detail, including an examination of the alternatives that were considered. All of the buybacks that have occurred to date required premium payments. This budget records them as a separate entry in the tables on the Federal debt that show the means of financing.

### **Exercise of Monetary Power**

Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage adds to the Government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the Government's power to create money. Therefore, the budget excludes seigniorage from receipts and treats it as a means of financing other than borrowing from the public. The budget treats profits resulting from the sale of gold as a means of financing, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

### **Credit Financing Accounts**

The budget records the net cash flows of credit programs in credit financing accounts, which are excluded from the budget totals and are called net financing disbursements. (See FEDERAL CREDIT above.) Net financing disbursements are defined in the same way as the outlays of a budgetary account and are therefore a means of financing other than borrowing from the public. Like outlays, they may be either positive or negative.

The net financing disbursements result partly from intragovernmental transactions with budgetary accounts (the receipt of subsidy payments and the receipt or payment of interest) and partly from transactions with the public (disbursement and repayment of loans, receipt of interest and fees, payment of default claims, etc.). An intragovernmental transaction affects the deficit or surplus and the means of financing in equal amounts but with opposite signs, so they have no combined effect on Treasury borrowing from the public. On the other hand, financing account disbursements to the public increase the requirement for Treasury borrowing in the same way as an increase in budget outlays. Financing account receipts from the public can

be used to finance the payment of the Government's obligations and therefore reduce the requirement for Treasury borrowing from the public in the same way as an increase in budget receipts.

**Deposit Fund Account Balances**

The Treasury uses deposit funds, which are non-budgetary accounts, to record amounts held temporarily until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). Deposit fund balances may be held in the form of either invested or uninvested balances. Changes in deposit fund balances affect the Treasury's cash balances, even though the transactions are not a part of the budget. To the extent that deposit fund balances are not invested, changes in the balances are a means of financing other than borrowing from the public. To

the extent that the balances are invested in Federal debt, changes in the balances are reflected as borrowing from the public.

**Exchanges with the International Monetary Fund**

Under the terms of its participation in the IMF, the U.S. transfers dollars to the IMF and receives Special Drawing Rights in return. The SDR's are interest-bearing monetary assets and may be exchanged for foreign currency at any time. These transfers are like bank deposits and withdrawals. Following a recommendation of the 1967 President's Commission on Budget Concepts, the budget excludes these transfers from budget outlays or receipts. The budget does record interest paid by the IMF on U.S. deposits (as an offsetting collection). It also records outlays for foreign currency exchanges to the extent there is a realized loss in dollars terms and offsetting collections to the extent there is a realized gain in dollar terms.

**FEDERAL EMPLOYMENT**

The budget includes information on civilian and military employment and personnel compensation and benefits. It also compares the Federal workforce, State and local government workforces, and the United States population. The budget provides two different measures of Federal employment levels—actual positions filled and full-time equivalents (FTE). One FTE equals one work year or 2,080 hours. For most purposes, the FTE measure is more meaningful, because it takes into account part-time employment, temporary employment, and vacancies during the year. For example, one full-time employee and two half-time employees would count as two FTE's but three positions. (Chapter 10,

"Federal Employment and Compensation," in the *Analytical Perspectives* volume of the budget provides more information on this subject.)

**TOTAL FEDERAL EMPLOYMENT**

|  | 2000<br>actual | 2001<br>estimated | 2002<br>estimated | Percent<br>change<br>2000 to<br>2002 |
|--|----------------|-------------------|-------------------|--------------------------------------|
| Total FTE's .....  | 4,141,691      | 4,071,827         | 4,066,541         | -1.8                                 |
| Federal Executive Branch<br>civilian employees per<br>1000 U.S. population ..... | 9.7            | 9.4               | 9.3               | -4.1                                 |

**BASIS FOR BUDGET FIGURES**

**Data for the Past Year**

The past year column (2000) generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Treasury Department for the most recently completed fiscal year. Occasionally the budget reports corrections to data reported erroneously to Treasury but not discovered in time to be reflected in Treasury's published data. The budget usually notes the sources of such differences.

**Data for the Current Year**

The current year column (2001) includes estimates of transactions and balances based on the amounts of budgetary resources that were available when the budget was transmitted, including amounts appropriated for the year. This column also reflects any supplemental appropriations or rescissions proposed in the budget.

**Data for the Budget Year**

The budget year column (2002) includes estimates of transactions and balances based on the amounts of budgetary resources that are estimated to be available, including new budget authority requested under current authorizing legislation, and amounts estimated to result from changes in authorizing legislation and tax laws. The budget *Appendix* generally includes the appropriations language for the amounts proposed to be appropriated under current authorizing legislation. In a few cases, this language is transmitted later because the exact requirements are unknown when the budget is transmitted. The *Appendix* generally does not include appropriations language for the amounts that will be requested under proposed legislation; that language is usually transmitted later, after the legislation is enacted. Some tables in the budget identify the items for later transmittal and the related outlays separately. Estimates of the total requirements for the budget year include both the amounts requested with the trans-

mittal of the budget and the amounts planned for later transmittal.

### Data for the Outyears

The budget presents estimates for each of the four years beyond the budget year (2003 through 2006) in order to reflect the effect of budget decisions on longer term objectives and plans.

### Allowances

The budget may include lump-sum allowances to cover certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but are not, for various reasons, reflected in the program details. For example, the budget might include an allowance to show the effect on the budget totals of a proposal that would actually affect many accounts by relatively small amounts, in order to avoid unnecessary detail in the presentations for the individual accounts. Congress does not enact the allowances as such.

### Baseline

The budget baseline is an estimate of the receipts, outlays, and deficits or surpluses that would occur if no changes were made to current laws during the period covered by the budget. The baseline assumes that receipts and mandatory spending, which generally are authorized on a permanent basis, will continue in the

future as required by current law. The baseline assumes that the future funding for discretionary programs, which generally are funded annually, will equal the most recently enacted appropriation, adjusted for inflation. The baseline represents the amount of real resources that would be used by the Government over the period covered by the budget on the basis of laws currently enacted. (Chapter 14, “Current Services Estimates,” in the *Analytical Perspectives* volume of the 2001 budget provides more information on the baseline.)

The baseline serves several useful purposes:

- It may warn of future problems, either for Government fiscal policy as a whole or for individual tax and spending programs; or it may show the resources available for future use to reduce the publicly held debt, increase spending programs, or cut taxes.
- It provides a starting point for formulating the President’s budget.
- It provides a “policy-neutral” benchmark against which the President’s budget and alternative proposals can be compared to assess the magnitude of proposed changes.
- OMB uses it, under the BEA, to determine how much will be sequestered from each account and the level of funding remaining after sequestration.

## PRINCIPAL BUDGET LAWS

The following basic laws govern the Federal budget process:

- **Article 1, section 8, clause 1 of the Constitution**, which empowers the Congress to collect taxes.
- **Article 1, section 9, clause 7 of the Constitution**, which requires appropriations in law before money may be spent from the Treasury.
- **Antideficiency Act (codified in Chapters 13 and 15 of Title 31, United States Code)**, which prescribes rules and procedures for budget execution.
- **Chapter 11 of Title 31, United States Code**, which prescribes procedures for submission of the President’s budget and information to be contained in it.
- **Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344)**, as amended. This Act comprises the:
  - Congressional Budget Act of 1974, as amended, which prescribes the congressional budget process; and
  - Impoundment Control Act of 1974, which controls certain aspects of budget execution.
- **Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177)**, as

amended, which prescribes rules and procedures (including “sequestration”) designed to eliminate excess spending.

- **Budget Enforcement Act of 1990 (Title XIII, Public Law 101-508)**, which significantly amended key laws pertaining to the budget process, including the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act. The Budget Enforcement Act of 1997 (Title X, Public Law 105-33) extended the BEA requirements through 2002 (2006 in part) and altered some of the requirements. The requirements generally referred to as BEA requirements (discretionary spending limits, pay-as-you-go, sequestration, etc.) are part of the Balanced Budget and Emergency Deficit Control Act.
- **Federal Credit Reform Act of 1990 (as amended by the Budget Enforcement Act of 1997)**, a part of the Budget Enforcement Act of 1990, which amended the Congressional Budget Act to prescribe the budget treatment for Federal credit programs.
- **Government Performance and Results Act of 1993**, which emphasizes managing for results. It requires agencies to prepare strategic plans, annual performance plans, and annual performance reports.

## GLOSSARY OF BUDGET TERMS

**Advance appropriation** means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed.

**Advance funding** means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed.

**Agency** means a department or establishment of the Government.

**Allowance** means a lump-sum included in the budget to represent certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but that are not, for various reasons, reflected in the program details.

**Balances of budget authority** means the amounts of budget authority provided in previous years that have not been outlayed.

**Baseline** means an estimate of the receipts, outlays, and deficit or surplus that would result from continuing current law through the period covered by the budget.

**Budget** means the Budget of the United States Government, which sets forth the President's comprehensive financial plan for allocating resources and indicates the President's priorities for the Federal Government.

**Budget authority (BA)** means the authority provided by law to incur financial obligations that will result in outlays. (For a description of the several forms of budget authority, see Budget Authority and Other Budgetary Resources earlier in this chapter.)

**Budget totals** mean the totals included in the budget for budget authority, outlays, and receipts. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities except those excluded from the budget totals by law. The off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Under current law, the off-budget totals include the Social Security trust funds (Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds) and the Postal Service Fund. The budget combines the on- and off-budget totals to derive unified or consolidated totals for Federal activity.

**Budgetary resources** mean amounts available to incur obligations in a given year. The term comprises

new budget authority and unobligated balances of budget authority provided in previous years.

**Cap** means the legal limits on the budget authority and outlays for each fiscal year provided by discretionary appropriations.

**Cash equivalent transaction** means a transaction in which the Government makes outlays or receives collections in a form other than cash. (For examples, see the section on Outlays earlier in this chapter.)

**Credit program account** means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to a financing account.

**Current services estimate**—see *baseline*.

**Deficit** means the amount by which outlays exceed receipts in a fiscal year. It may refer to the on-budget, off-budget, or unified budget deficit.

**Direct loan** means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender. The term also includes the sale of a Government asset on credit terms of more than 90 days duration as well as financing arrangements for other transactions that defer payment for more than 90 days. It also includes loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation. (Cf. loan guarantee.)

**Direct spending**—See *mandatory spending*.

**Discretionary appropriation** means budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts. (Cf. mandatory spending.)

**Emergency appropriation** means an appropriation that the President and the Congress have designated as an emergency requirement. Such spending is not subject to the limits on discretionary spending, if it is discretionary spending, or the pay-as-you-go rules, if it is mandatory.

**Federal funds** group refers to the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (Cf. trust funds.)

**Financing account** means a non-budgetary account (its transactions are excluded from the budget totals) that records all of the cash flows resulting from post-1991 direct loan obligations or loan guarantee commitments. At least one financing account is associated with each credit program account. For programs that make both direct loans and loan guarantees, there are separate financing accounts for the direct loans and the loan guarantees. (Cf. liquidating account.)

**Fiscal year** means the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends.

**Forward funding** means appropriations of budget authority that are made for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year.

**General fund** means the accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these monies.

**Liquidating account** means a budget account that records all cash flows to and from the Government resulting from pre-1992 direct loan obligations or loan guarantee commitments. (Cf. financing account.)

**Loan guarantee** means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, except for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (Cf. direct loan.)

**Mandatory spending** means spending controlled by laws other than appropriations acts (including spending for entitlement programs) and spending for the food stamp program. Although the Budget Enforcement Act use the term direct spending to mean this, mandatory spending is commonly used instead. (Cf. discretionary appropriations.)

**Means of financing** refers to borrowing and certain other transactions involved in financing a deficit. The term is also used to refer to the financing of debt repayment and certain other transactions by a surplus. By definition, the means of financing are not treated as receipts or outlays.

**Intragovernmental fund**—see *revolving fund*.

**Obligated balance** means the cumulative amount of budget authority that has been obligated but not yet outlaid. (Cf. unobligated balance.)

**Obligation** means a binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

etary resources must be available before obligations can be incurred legally.

**Off-budget**—See *budget totals*.

**Offsetting collections** mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and, by law, are credited directly to expenditure accounts. Usually, they authorized to be spent for the purposes of the account without further action by Congress. They result from business-type or market-oriented activities with the public and other Government accounts. The authority to spend offsetting collections is a form of budget authority. (Cf. receipts and offsetting receipts.)

**Offsetting receipts** mean collections that are deducted from gross budget authority and outlays, rather than added to receipts, and that are not authorized to be credited to expenditure accounts. Instead of being credited to expenditure accounts, they are credited to offsetting receipt accounts. The legislation that authorizes the offsetting receipts may require them to be appropriated in annual appropriation acts before they can be spent. Like offsetting collections, they result from business-type or market-oriented activities with the public and other Government accounts. (Cf. receipts and offsetting collections.)

**On-budget**—See *budget totals*.

**Outlay** means a payment to liquidate an obligation (other than the repayment of debt). Outlays are the measure of Government spending.

**Outyear estimates** means estimates presented in the budget for the years beyond the budget year (usually four) of budget authority, outlays, receipts, and other items (such as debt).

**Pay-as-you-go (PAYGO)** means the requirements of the Budget Enforcement Act that result in a sequestration if the estimated combined result of legislation affecting mandatory spending or receipts is a net cost for a fiscal year.

**Public enterprise fund**—See *revolving fund*.

**Receipts** mean collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. They are compared to outlays in calculating a surplus or deficit. (Cf. offsetting collections and offsetting receipts.)

**Revolving fund** means a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are two types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the

public, and intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies.

**Scorekeeping** means measuring the budget effects of legislation, generally in terms of budget authority, receipts, and outlays for purposes of the Budget Enforcement Act.

**Sequestration** means the cancellation of budgetary resources provided by discretionary appropriations or mandatory spending legislation, following various procedures prescribed by the Budget Enforcement Act. A sequestration may occur in response to a discretionary appropriation that causes discretionary spending to exceed the discretionary spending caps or in response to net costs resulting from the combined result of legislation affecting mandatory spending or receipts (referred to as a “pay-as-you-go” sequestration).

**Special fund** means a Federal fund accounts for receipts earmarked for specific purposes and for the expenditure of these receipts. (Cf. trust fund.)

**Subsidy** means the same as cost when it is used in connection with Federal credit programs.

**Surplus** means the amount by which receipts exceed outlays.

**Supplemental appropriation** means an appropriation enacted subsequent to a regular annual appropria-

tions act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act.

**Trust fund** refers to a type of account, designated by law as a trust fund, for receipts earmarked for specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. (Cf. special fund and revolving fund.)

**Trust funds group** refers to the moneys collected and spent by the Government through trust fund accounts. (Cf., Federal funds group.)

**Unobligated balance** means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law.

**User charges** are fees assessed for the provision of Government services and for the sale or use of Government goods or resources, where the payers of the user charge are limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public. (Cf. user fees.)

**User fees** are a subset of user charges (as defined above) that are authorized to be utilized solely to support the program or activity for which it was levied. (Cf. user charges.)

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## 26. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

### **EXPLANATORY NOTE**

This section includes a detailed tabulation containing information on budget authority (BA), outlays (O), and subfunctional code number(s) for each appropriation and fund account. Budget authority amounts reflect transfers of budget authority between appropriations. All budget authority items are definite appropriations except where otherwise indicated.

Congressional action on appropriations occasionally results in the establishment of a limitation on the use of a trust fund or other fund, or an appropriation to liquidate contract authority. Amounts for these and other such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

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## 26. FEDERAL PROGRAMS BY AGENCY AND ACCOUNT

### LEGISLATIVE BRANCH

(In millions of dollars)

| Account   |     |    | 2000<br>actual | estimate |      |      |      |      |      |
|---|-----|----|----------------|----------|------|------|------|------|------|
|   |     |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Senate</b>   |     |    |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |     |    |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                               |     |    |                |          |      |      |      |      |      |
| Compensation of members, Senate:                                |     |    |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                  | 801 | BA | 18             | 18       | 19   | 18   | 18   | 18   | 18   |
| Outlays .....   |     | O  | 18             | 18       | 19   | 18   | 18   | 18   | 18   |
| Salaries, officers and employees:                               |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 82             | 92       | 104  | 106  | 109  | 111  | 114  |
| Outlays .....   |     | O  | 81             | 92       | 104  | 106  | 109  | 111  | 114  |
| Office of the Legislative Counsel of the Senate:                |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 4              | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....   |     | O  | 4              | 4        | 4    | 4    | 4    | 4    | 4    |
| Inquiries and investigations:                                   |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 68             | 73       | 92   | 94   | 96   | 98   | 100  |
| Outlays .....   |     | O  | 64             | 73       | 92   | 94   | 96   | 98   | 100  |
| Miscellaneous items:  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 10             | 25       | 9    | 9    | 9    | 10   | 10   |
| Outlays .....   |     | O  | 4              | 25       | 9    | 9    | 9    | 10   | 10   |
| Senators' official personnel and office expense account:        |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 257            | 252      | 285  | 291  | 298  | 304  | 311  |
| Outlays .....   |     | O  | 243            | 252      | 285  | 291  | 298  | 304  | 311  |
| Secretary of the Senate:  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 3              | 2        | 10   | 10   | 10   | 11   | 11   |
| Outlays .....   |     | O  | 5              | 2        | 9    | 11   | 11   | 11   | 11   |
| Sergeant at Arms and Doorkeeper of the Senate:                  |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 75             | 72       | 96   | 98   | 100  | 103  | 105  |
| Outlays .....   |     | O  | 69             | 72       | 96   | 98   | 100  | 103  | 105  |
| Congressional use of foreign currency, Senate:                  |     |    |                |          |      |      |      |      |      |
| Appropriation, mandatory .....                                  | 801 | BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   |     | O  | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Senate items:   |     |    |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                              | 801 | BA | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   |     | O  | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| <b>Public Enterprise Funds:</b>                                 |     |    |                |          |      |      |      |      |      |
| Senate revolving funds:   |     |    |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory ..... | 801 | BA |                |          |      | 2    | 2    | 2    | 2    |
| Outlays .....   |     | O  | -1             | -1       |      | 2    | 2    | 2    | 2    |
| <hr/>   |     |    |                |          |      |      |      |      |      |
| Senate revolving funds (gross) .....                            |     | BA |                |          |      | 2    | 2    | 2    | 2    |
|   |     | O  | -1             | -1       |      | 2    | 2    | 2    | 2    |
| <hr/>   |     |    |                |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....                      |     |    |                |          |      | -2   | -2   | -2   | -2   |
| <hr/>   |     |    |                |          |      |      |      |      |      |
| Total Senate revolving funds (net) .....                        |     |    |                |          |      |      |      |      |      |
|   |     | O  | -1             | -1       |      |      |      |      |      |
| <hr/>   |     |    |                |          |      |      |      |      |      |
| Total Federal funds Senate .....                                |     |    | 520            | 541      | 622  | 633  | 647  | 662  | 676  |
|   |     | O  | 490            | 540      | 621  | 634  | 648  | 662  | 676  |

### House of Representatives

*Federal funds*

**General and Special Funds:**

Compensation of members and related administrative expenses:

|                                |     |    |    |    |    |    |    |    |    |
|--------------------------------|-----|----|----|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 801 | BA | 78 | 80 | 80 | 80 | 80 | 80 | 80 |
| Outlays .....                  |     | O  | 77 | 78 | 80 | 80 | 80 | 80 | 80 |

Salaries and expenses:

|                                      |     |    |     |     |     |     |     |     |     |
|--------------------------------------|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....   | 801 | BA | 758 | 768 | 882 | 902 | 922 | 942 | 963 |
| Reappropriation, discretionary ..... |     | BA | -1  | 1   |     |     |     |     |     |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |              |              |              |
|--|--------|----------------|------------|------------|------------|--------------|--------------|--------------|
|  |        |                | 2001       | 2002       | 2003       | 2004         | 2005         | 2006         |
| Outlays .....  | O      | 756            | 760        | 879        | 902        | 921          | 941          | 963          |
| Total Salaries and expenses .....                                | BA     | <b>757</b>     | <b>769</b> | <b>882</b> | <b>902</b> | <b>922</b>   | <b>942</b>   | <b>963</b>   |
|  | O      | 756            | 760        | 879        | 902        | 921          | 941          | 963          |
| Congressional use of foreign currency, House of Representatives: |        |                |            |            |            |              |              |              |
| Appropriation, mandatory .....                                   | 801 BA | 5              | 5          | 5          | 5          | 5            | 5            | 5            |
| Outlays .....  | O      | 4              | 4          | 5          | 5          | 5            | 5            | 5            |
| Total Federal funds House of Representatives .....               | BA     | <b>840</b>     | <b>854</b> | <b>967</b> | <b>987</b> | <b>1,007</b> | <b>1,027</b> | <b>1,048</b> |
|  | O      | 837            | 842        | 964        | 987        | 1,006        | 1,026        | 1,048        |

**Joint Items**

*Federal funds*

**General and Special Funds:**

Capitol Guide Service and Special Services Office:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Outlays .....                      | O      | 2 | 2 | 3 | 3 | 3 | 3 | 3 |

Joint Economic Committee:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays .....                      | O      | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

Joint Committee on Taxation:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 6 | 6 | 7 | 7 | 7 | 7 | 8 |
| Outlays .....                      | O      | 6 | 6 | 7 | 7 | 7 | 7 | 7 |

Office of the Attending Physician:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                      | O      | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

General expenses, Capitol Police:

|                                    |        |   |   |    |    |    |    |    |
|------------------------------------|--------|---|---|----|----|----|----|----|
| Appropriation, discretionary ..... | 801 BA | 7 | 7 | 10 | 10 | 10 | 11 | 11 |
| Outlays .....                      | O      | 8 | 7 | 10 | 11 | 11 | 11 | 11 |

Security enhancements:

|                                    |        |     |    |   |  |  |  |  |
|------------------------------------|--------|-----|----|---|--|--|--|--|
| Appropriation, discretionary ..... | 801 BA | -15 | 2  |   |  |  |  |  |
| Outlays .....                      | O      | 15  | 43 | 9 |  |  |  |  |

Salaries, Capitol Police:

|                                    |        |    |    |     |     |     |     |     |
|------------------------------------|--------|----|----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 801 BA | 93 | 97 | 112 | 114 | 117 | 120 | 122 |
| Outlays .....                      | O      | 92 | 94 | 112 | 114 | 117 | 120 | 123 |

Joint Committee on Inaugural Ceremonies:

|                                    |        |  |   |  |  |  |  |  |
|------------------------------------|--------|--|---|--|--|--|--|--|
| Appropriation, discretionary ..... | 801 BA |  | 1 |  |  |  |  |  |
| Outlays .....                      | O      |  | 1 |  |  |  |  |  |

|                                       |    |           |            |            |            |            |            |            |
|---------------------------------------|----|-----------|------------|------------|------------|------------|------------|------------|
| Total Federal funds Joint Items ..... | BA | <b>98</b> | <b>120</b> | <b>137</b> | <b>139</b> | <b>142</b> | <b>146</b> | <b>149</b> |
|                                       | O  | 128       | 158        | 146        | 140        | 143        | 146        | 149        |

**Office of Compliance**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 801 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                      | O      | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

**Congressional Budget Office**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 801 BA | 26 | 28 | 31 | 32 | 32 | 33 | 34 |
| Outlays .....                      | O      | 26 | 28 | 30 | 32 | 32 | 33 | 33 |

**Architect of the Capitol**

*Federal funds*

**General and Special Funds:**

Capitol buildings, salaries and expenses:

|                                    |        |    |    |     |    |    |    |    |
|------------------------------------|--------|----|----|-----|----|----|----|----|
| Appropriation, discretionary ..... | 801 BA | 54 | 45 | 112 | 49 | 50 | 51 | 52 |
| Outlays .....                      | O      | 47 | 54 | 69  | 87 | 53 | 51 | 52 |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |  |
|---|--------|----------------|----------|------|------|------|------|------|--|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |  |
| <b>Capitol grounds:</b>   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 5              | 5        | 8    | 8    | 8    | 9    | 9    |  |
| Outlays   | O      | 7              | 15       | 10   | 9    | 9    | 9    | 9    |  |
| <b>Senate office buildings:</b>                                       |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 66             | 64       | 54   | 55   | 56   | 58   | 59   |  |
| Outlays   | O      | 55             | 70       | 61   | 59   | 58   | 59   | 58   |  |
| <b>House office buildings:</b>  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 41             | 42       | 51   | 52   | 53   | 54   | 56   |  |
| Outlays   | O      | 33             | 59       | 44   | 55   | 56   | 57   | 56   |  |
| <b>Capitol power plant:</b>   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 38             | 39       | 47   | 48   | 49   | 50   | 51   |  |
| Spending authority from offsetting collections, discretionary         | BA     | 4              | 5        | 4    | 5    | 5    | 5    | 5    |  |
| Outlays   | O      | 42             | 46       | 48   | 53   | 54   | 55   | 56   |  |
| Capitol power plant (gross)   | BA     | 42             | 44       | 51   | 53   | 54   | 55   | 56   |  |
|   | O      | 42             | 46       | 48   | 53   | 54   | 55   | 56   |  |
| Total, offsetting collections (cash)                                  |        | -4             | -5       | -4   | -5   | -5   | -5   | -5   |  |
| Total Capitol power plant (net)                                       | BA     | 38             | 39       | 47   | 48   | 49   | 50   | 51   |  |
|   | O      | 38             | 41       | 44   | 48   | 49   | 50   | 51   |  |
| <b>Library buildings and grounds, structural and mechanical care:</b> |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary  | 801 BA | 20             | 16       | 21   | 21   | 22   | 22   | 23   |  |
| Outlays   | O      | 16             | 19       | 21   | 21   | 22   | 22   | 23   |  |
| <b>Capitol visitor center:</b>  |        |                |          |      |      |      |      |      |  |
| Outlays   | 801 O  | 4              | 12       | 61   | 23   |      |      |      |  |
| <b>Intragovernmental Funds:</b>                                       |        |                |          |      |      |      |      |      |  |
| <b>Judiciary office building development and operations fund:</b>     |        |                |          |      |      |      |      |      |  |
| Spending authority from offsetting collections, mandatory             | 801 BA | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
| Outlays   | O      | 21             | 23       | 23   | 21   | 21   | 21   | 21   |  |
| Judiciary office building development and operations fund (gross)     | BA     | 23             | 23       | 23   | 23   | 23   | 23   | 23   |  |
|   | O      | 21             | 23       | 23   | 21   | 21   | 21   | 21   |  |
| Total, offsetting collections (cash)                                  |        | -23            | -23      | -23  | -23  | -23  | -23  | -23  |  |
| Total Judiciary office building development and operations fund (net) | BA     |                |          |      |      |      |      |      |  |
|   | O      | -2             |          |      | -2   | -2   | -2   | -2   |  |
| <i>Trust funds</i>  |        |                |          |      |      |      |      |      |  |
| <b>Gifts and donations:</b>   |        |                |          |      |      |      |      |      |  |
| Appropriation, mandatory  | 801 BA |                |          |      |      | 1    | 1    | 1    |  |
| Outlays   | O      |                |          |      |      | 1    | 1    | 1    |  |
| Total Federal funds Architect of the Capitol                          | BA     | 224            | 211      | 293  | 233  | 238  | 244  | 250  |  |
|   | O      | 198            | 270      | 310  | 300  | 245  | 246  | 247  |  |
| Total Trust funds Architect of the Capitol                            | BA     |                |          |      |      | 1    | 1    | 1    |  |
|   | O      |                |          |      |      | 1    | 1    | 1    |  |

**Botanic Garden**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                              |        |    |    |   |   |   |   |   |
|------------------------------|--------|----|----|---|---|---|---|---|
| Appropriation, discretionary | 801 BA | 3  | 3  | 6 | 6 | 6 | 6 | 7 |
| Outlays                      | O      | 13 | 21 | 6 | 6 | 6 | 7 | 7 |

*Trust funds*

Gifts and donations:

|                          |        |  |    |   |   |   |  |  |
|--------------------------|--------|--|----|---|---|---|--|--|
| Appropriation, mandatory | 801 BA |  | 12 | 2 | 2 |   |  |  |
| Outlays                  | O      |  | 9  | 5 | 3 | 1 |  |  |

**Library of Congress**

*Federal funds*

**General and Special Funds:**

Salaries and expenses, Library of Congress:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary                                  | 503 BA | 259 | 375 | 291 | 297 | 304 | 311 | 318 |
| Spending authority from offsetting collections, discretionary | BA     | 70  | 87  | 13  | 13  | 13  | 13  | 13  |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O      | 313            | 340        | 329        | 311        | 317        | 321        | 329        |
| Salaries and expenses, Library of Congress (gross) .....                                     | BA     | <b>329</b>     | <b>462</b> | <b>304</b> | <b>310</b> | <b>317</b> | <b>324</b> | <b>331</b> |
|  | O      | 313            | 340        | 329        | 311        | 317        | 321        | 329        |
| Change in uncollected customer payments from Federal sources .....                           | BA     | <b>-2</b>      |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....   |        | -65            | -87        | -13        | -13        | -13        | -13        | -13        |
| Total Salaries and expenses, Library of Congress (net) .....                                 | BA     | <b>262</b>     | <b>375</b> | <b>291</b> | <b>297</b> | <b>304</b> | <b>311</b> | <b>318</b> |
|  | O      | 248            | 253        | 316        | 298        | 304        | 308        | 316        |
| Copyright Office: Salaries and expenses:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 376 BA | <b>11</b>      | <b>9</b>   | <b>14</b>  | <b>14</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  |
| Spending authority from offsetting collections, discretionary .....                          | BA     | <b>26</b>      | <b>29</b>  | <b>29</b>  | <b>29</b>  | <b>29</b>  | <b>29</b>  | <b>29</b>  |
| Outlays .....  | O      | 34             | 35         | 39         | 39         | 39         | 39         | 40         |
| Copyright Office (gross) .....   | BA     | <b>37</b>      | <b>38</b>  | <b>43</b>  | <b>43</b>  | <b>44</b>  | <b>44</b>  | <b>44</b>  |
|  | O      | 34             | 35         | 39         | 39         | 39         | 39         | 40         |
| Total, offsetting collections (cash) .....   |        | -26            | -29        | -29        | -29        | -29        | -29        | -29        |
| Total Copyright Office (net) .....   | BA     | <b>11</b>      | <b>9</b>   | <b>14</b>  | <b>14</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  |
|  | O      | 8              | 6          | 10         | 10         | 10         | 10         | 11         |
| Congressional Research Service: Salaries and expenses:                                       |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 801 BA | <b>71</b>      | <b>73</b>  | <b>81</b>  | <b>83</b>  | <b>85</b>  | <b>87</b>  | <b>88</b>  |
| Outlays .....  | O      | 70             | 73         | 80         | 83         | 84         | 86         | 88         |
| Books for the blind and physically handicapped: Salaries and expenses:                       |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 503 BA | <b>48</b>      | <b>49</b>  | <b>50</b>  | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>55</b>  |
| Outlays .....  | O      | 46             | 47         | 49         | 49         | 51         | 51         | 53         |
| Furniture and furnishings:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 503 BA | <b>5</b>       | <b>5</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>  | <b>10</b>  |
| Outlays .....  | O      | 6              | 5          | 6          | 8          | 8          | 8          | 9          |
| Payments to copyright owners:  |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 376 BA | <b>214</b>     | <b>230</b> | <b>239</b> | <b>253</b> | <b>265</b> | <b>229</b> | <b>186</b> |
| Outlays .....  | O      | 375            | 257        | 161        | 251        | 229        | 242        | 254        |
| <b>Public Enterprise Funds:</b>  |        |                |            |            |            |            |            |            |
| Cooperative acquisitions program revolving fund:   |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                          | 503 BA | <b>3</b>       | <b>3</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>3</b>   |
| Outlays .....  | O      | 2              | 3          | 2          | 2          | 2          | 2          | 3          |
| Cooperative acquisitions program revolving fund (gross) .....                                | BA     | <b>3</b>       | <b>3</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>3</b>   |
|  | O      | 2              | 3          | 2          | 2          | 2          | 2          | 3          |
| Total, offsetting collections (cash) .....   |        | -3             | -3         | -2         | -2         | -2         | -2         | -3         |
| Total Cooperative acquisitions program revolving fund (net) .....                            | BA     | <b>-1</b>      |            |            |            |            |            |            |
|  | O      |                |            |            |            |            |            |            |
| Duplication services:  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                          | 503 BA |                |            | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....  | O      |                |            | 1          | 1          | 1          | 1          | 1          |
| Duplication services (gross) .....   | BA     |                |            | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      |                |            | 1          | 1          | 1          | 1          | 1          |
| Total, offsetting collections (cash) .....   |        |                |            | -1         | -1         | -1         | -1         | -1         |
| Total Duplication services (net) .....   | BA     |                |            |            |            |            |            |            |
|  | O      |                |            |            |            |            |            |            |
| Gift shop, decimal classification, photo duplication, and related services:                  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                          | 503 BA |                |            | <b>10</b>  | <b>7</b>   | <b>7</b>   | <b>8</b>   | <b>8</b>   |
| Outlays .....  | O      |                |            | 9          | 7          | 7          | 8          | 8          |
| Gift shop, decimal classification, photo duplication, and related services (gross) .....     | BA     |                |            | <b>10</b>  | <b>7</b>   | <b>7</b>   | <b>8</b>   | <b>8</b>   |
|  | O      |                |            | 9          | 7          | 7          | 8          | 8          |
| Total, offsetting collections (cash) .....   |        |                |            | -10        | -7         | -7         | -8         | -8         |
| Total Gift shop, decimal classification, photo duplication, and related services (net) ..... | BA     |                |            |            |            |            |            |            |
|  | O      |                |            | -1         |            |            |            |            |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account   | 2000<br>actual | estimate |      |      |      |      |      |     |
|---|----------------|----------|------|------|------|------|------|-----|
|   |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |     |
| <b>Intragovernmental Funds:</b>                               |                |          |      |      |      |      |      |     |
| Fedlink program and Federal research program:                 |                |          |      |      |      |      |      |     |
| Authority to borrow, discretionary                            | 503 BA         |          | 2    |      |      |      |      |     |
| Spending authority from offsetting collections, discretionary | BA             |          | 93   | 64   | 65   | 66   | 67   |     |
| Outlays   | O              |          | 82   | 65   | 63   | 64   | 65   |     |
| Fedlink program and Federal research program (gross)          | BA             |          | 95   | 64   | 65   | 66   | 67   |     |
|   | O              |          | 82   | 65   | 63   | 64   | 65   |     |
| Total, offsetting collections (cash)                          |                |          |      | -93  | -64  | -65  | -66  | -67 |
| Total Fedlink program and Federal research program (net)      | BA             |          | 2    |      |      |      |      |     |
|   | O              |          | -11  | 1    | -2   | -2   | -2   |     |
| <i>Trust funds</i>  |                |          |      |      |      |      |      |     |
| Gift and trust fund accounts:                                 |                |          |      |      |      |      |      |     |
| Appropriation, mandatory                                      | 503 BA         | 33       | 91   | 28   | 22   | 19   | 19   |     |
| Spending authority from offsetting collections, mandatory     | BA             | 3        |      |      |      |      |      |     |
| Outlays   | O              | 33       | 79   | 28   | 25   | 20   | 19   |     |
| Gift and trust fund accounts (gross)                          | BA             | 36       | 91   | 28   | 22   | 19   | 19   |     |
|   | O              | 33       | 79   | 28   | 25   | 20   | 19   |     |
| Change in uncollected customer payments from Federal sources  | BA             | -3       |      |      |      |      |      |     |
| Total Gift and trust fund accounts (net)                      | BA             | 33       | 91   | 28   | 22   | 19   | 19   |     |
|   | O              | 33       | 79   | 28   | 25   | 20   | 19   |     |
| Total Federal funds Library of Congress                       | BA             | 611      | 741  | 686  | 707  | 730  | 705  |     |
|   | O              | 752      | 641  | 610  | 700  | 684  | 703  |     |
| Total Trust funds Library of Congress                         | BA             | 33       | 91   | 28   | 22   | 19   | 19   |     |
|   | O              | 33       | 79   | 28   | 25   | 20   | 19   |     |

**Government Printing Office**

*Federal funds*

|   |        |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|
| <b>General and Special Funds:</b>                             |        |      |      |      |      |      |      |
| Congressional printing and binding:                           |        |      |      |      |      |      |      |
| Appropriation, discretionary                                  | 801 BA | 73   | 71   | 91   | 93   | 95   | 97   |
| Outlays   | O      | 79   | 72   | 86   | 91   | 94   | 95   |
| Office of Superintendent of Documents: Salaries and expenses: |        |      |      |      |      |      |      |
| Appropriation, discretionary                                  | 808 BA | 30   | 28   | 30   | 31   | 31   | 32   |
| Outlays   | O      | 29   | 29   | 29   | 30   | 30   | 33   |
| <b>Intragovernmental Funds:</b>                               |        |      |      |      |      |      |      |
| Government Printing Office revolving fund:                    |        |      |      |      |      |      |      |
| Appropriation, discretionary                                  | 808 BA |      |      | 6    |      |      |      |
| Spending authority from offsetting collections, mandatory     | BA     | 789  | 792  | 790  | 806  | 822  | 838  |
| Outlays   | O      | 799  | 786  | 791  | 810  | 822  | 838  |
| Government Printing Office revolving fund (gross)             | BA     | 789  | 792  | 796  | 806  | 822  | 838  |
|   | O      | 799  | 786  | 791  | 810  | 822  | 838  |
| Change in uncollected customer payments from Federal sources  | BA     | 64   | -16  | 10   | 10   | 10   | 11   |
| Total, offsetting collections (cash)                          |        | -853 | -776 | -800 | -816 | -832 | -849 |
| Total Government Printing Office revolving fund (net)         | BA     |      |      | 6    |      |      |      |
|   | O      | -54  | 10   | -9   | -6   | -10  | -11  |
| Total Federal funds Government Printing Office                | BA     | 103  | 99   | 127  | 124  | 126  | 129  |
|   | O      | 54   | 111  | 106  | 115  | 114  | 121  |

**General Accounting Office**

*Federal funds*

|   |        |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                             |        |     |     |     |     |     |     |
| Salaries and expenses:  |        |     |     |     |     |     |     |
| Appropriation, discretionary                                  | 801 BA | 378 | 384 | 428 | 438 | 447 | 457 |
| Spending authority from offsetting collections, discretionary | BA     | 9   | 2   | 3   |     |     |     |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account                                    |    | 2000<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....                              | O  | 385            | 382<br>43  | 428        | 437        | 447        | 457        | 467        |
| Salaries and expenses (gross) .....        | BA | <b>387</b>     | <b>389</b> | <b>431</b> | <b>438</b> | <b>447</b> | <b>457</b> | <b>467</b> |
|  | O  | 385            | 385        | 428        | 437        | 447        | 457        | 467        |
| Total, offsetting collections (cash) ..... |    | -9             | -2         | -3         |            |            |            |            |
| Total Salaries and expenses (net) .....    | BA | <b>378</b>     | <b>387</b> | <b>428</b> | <b>438</b> | <b>447</b> | <b>457</b> | <b>467</b> |
|  | O  | 376            | 383        | 425        | 437        | 447        | 457        | 467        |

**United States Tax Court**

Federal funds

**General and Special Funds:**

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Salaries and expenses:             |        |           |           |           |           |           |           |           |
| Appropriation, discretionary ..... | 752 BA | <b>35</b> | <b>37</b> | <b>37</b> | <b>38</b> | <b>39</b> | <b>40</b> | <b>40</b> |
| Outlays .....                      | O      | 31        | 36        | 39        | 39        | 38        | 39        | 41        |

**Other Legislative Branch Agencies**

*Legislative Branch Boards and Commissions*

Federal funds

**General and Special Funds:**

|   |        |          |          |          |          |          |          |          |
|---|--------|----------|----------|----------|----------|----------|----------|----------|
| Medicare Payment Advisory Commission                                  |        |          |          |          |          |          |          |          |
| (Medicare):   |        |          |          |          |          |          |          |          |
| (Spending authority from offsetting collections, discretionary) ..... | 571 BA | <b>7</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> |
| (Outlays) .....   | O      | 7        | 8        | 8        | 8        | 8        | 8        | 8        |
| Medicare Payment Advisory Commission (gross) .....                    | BA     | <b>7</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> | <b>8</b> |
|   | O      | 7        | 8        | 8        | 8        | 8        | 8        | 8        |
| Total, offsetting collections (cash) .....                            |        | -7       | -8       | -8       | -8       | -8       | -8       | -8       |
| Total (Medicare) (net) .....  | BA     |          |          |          |          |          |          |          |
|   | O      |          |          |          |          |          |          |          |
| Total Medicare Payment Advisory Commission .....                      | BA     |          |          |          |          |          |          |          |
|   | O      |          |          |          |          |          |          |          |
| Census Monitoring Board:  |        |          |          |          |          |          |          |          |
| Appropriation, discretionary .....                                    | 376 BA | <b>4</b> | <b>4</b> |          |          |          |          |          |
| Outlays .....   | O      | 5        | 4        | 1        |          |          |          |          |
| United States Commission on International Religious Freedom:          |        |          |          |          |          |          |          |          |
| Appropriation, discretionary .....                                    | 801 BA | <b>2</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> |
| Outlays .....   | O      | 2        | 2        | 3        | 3        | 3        | 3        | 3        |
| Other legislative branch boards and commissions                       |        |          |          |          |          |          |          |          |
| (Other general government):   |        |          |          |          |          |          |          |          |
| (Appropriation, discretionary) .....                                  | 808 BA | <b>3</b> | <b>4</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
| (Outlays) .....   | O      | 4        | 4        | 2        | 2        | 2        | 2        | 2        |
| Total Other legislative branch boards and commissions .....           | BA     | <b>3</b> | <b>4</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
|   | O      | 4        | 4        | 2        | 2        | 2        | 2        | 2        |

Trust funds

|  |        |          |           |          |          |          |          |          |
|--|--------|----------|-----------|----------|----------|----------|----------|----------|
| Gifts and donations, Millennial Housing Commission:                            |        |          |           |          |          |          |          |          |
| Appropriation, discretionary .....   | 801 BA |          |           | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
| U.S. Capitol Preservation Commission:  |        |          |           |          |          |          |          |          |
| Appropriation, mandatory .....   | 801 BA | <b>1</b> | <b>2</b>  | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
| Outlays .....  | O      |          |           | 5        | 15       | 10       |          |          |
| John C. Stennis Center for Public Service Training and Development trust fund: |        |          |           |          |          |          |          |          |
| Appropriation, mandatory .....   | 801 BA | <b>1</b> | <b>2</b>  | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> | <b>2</b> |
| Outlays .....  | O      | 1        | 2         | 2        | 2        | 2        | 2        | 2        |
| Total Federal funds Legislative Branch Boards and Commissions .....            | BA     | <b>7</b> | <b>10</b> | <b>5</b> | <b>5</b> | <b>5</b> | <b>5</b> | <b>5</b> |
|  | O      | 11       | 10        | 6        | 5        | 5        | 5        | 5        |
| Total Trust funds Legislative Branch Boards and Commissions .....              | BA     | <b>2</b> | <b>4</b>  | <b>6</b> | <b>6</b> | <b>6</b> | <b>6</b> | <b>6</b> |
|  | O      | 1        | 2         | 7        | 17       | 12       | 2        | 2        |

**LEGISLATIVE BRANCH—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate |       |       |       |       |       |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
|  |          |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Summary</b>                             |          |                |          |       |       |       |       |       |
| <b>Federal funds:</b>                      |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 2,847          | 3,033    | 3,341 | 3,344 | 3,421 | 3,456 | 3,482 |
|  | O        | 2,918          | 3,042    | 3,265 | 3,397 | 3,370 | 3,443 | 3,525 |
| <b>Deductions for offsetting receipts:</b> |          |                |          |       |       |       |       |       |
| Intrafund transactions .....               | 908 BA/O | -31            | -37      | -34   | -37   | -36   | -37   | -37   |
| Total Federal funds .....                  | BA       | 2,816          | 2,996    | 3,307 | 3,307 | 3,385 | 3,419 | 3,445 |
|  | O        | 2,887          | 3,005    | 3,231 | 3,360 | 3,334 | 3,406 | 3,488 |
| <b>Trust funds:</b>                        |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 35             | 107      | 36    | 30    | 26    | 26    | 26    |
|  | O        | 34             | 90       | 40    | 45    | 33    | 22    | 22    |
| <b>Deductions for offsetting receipts:</b> |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public ..... | 503 BA/O | -7             | -7       |       |       |       | -1    | -1    |
|  | 908 BA/O | -3             | -2       | -3    | -3    | -3    | -3    | -3    |
| Total Trust funds .....                    | BA       | 25             | 98       | 33    | 27    | 23    | 22    | 22    |
|  | O        | 24             | 81       | 37    | 42    | 30    | 18    | 18    |
| Total Legislative Branch .....             | BA       | 2,841          | 3,094    | 3,340 | 3,334 | 3,408 | 3,441 | 3,467 |
|  | O        | 2,911          | 3,086    | 3,268 | 3,402 | 3,364 | 3,424 | 3,506 |

**JUDICIAL BRANCH**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Supreme Court of the United States</b>                    |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                            |        |                |          |      |      |      |      |      |
| <b>Salaries and expenses:</b>                                |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                           | 752 BA | 33             | 36       | 40   | 41   | 42   | 43   | 44   |
| Appropriation, mandatory .....                               | BA     | 2              | 2        | 2    | 2    | 2    | 3    | 3    |
| Outlays .....  | O      | 33             | 35       | 37   | 40   | 42   | 44   | 47   |
| Total Salaries and expenses .....                            | BA     | 35             | 38       | 42   | 43   | 44   | 46   | 47   |
|  | O      | 33             | 35       | 37   | 40   | 42   | 44   | 47   |
| <b>Care of the building and grounds:</b>                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                           | 752 BA | 8              | 8        | 118  | 9    | 9    | 9    | 10   |
| Outlays .....  | O      | 4              | 10       | 21   | 101  | 9    | 9    | 9    |
| Total Federal funds Supreme Court of the United States ..... | BA     | 43             | 46       | 160  | 52   | 53   | 55   | 57   |
|  | O      | 37             | 45       | 58   | 141  | 51   | 53   | 56   |

**United States Court of Appeals for the Federal Circuit**  
*Federal funds*

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>  |        |    |    |    |    |    |    |    |
| <b>Salaries and expenses:</b>      |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 752 BA | 15 | 16 | 18 | 18 | 19 | 19 | 20 |
| Appropriation, mandatory .....     | BA     | 2  | 2  | 2  | 2  | 2  | 2  | 2  |
| Outlays .....                      | O      | 15 | 16 | 20 | 20 | 21 | 21 | 21 |
| Total Salaries and expenses .....  | BA     | 17 | 18 | 20 | 20 | 21 | 21 | 22 |
|                                    | O      | 15 | 16 | 20 | 20 | 21 | 21 | 21 |

**United States Court of International Trade**  
*Federal funds*

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>  |        |    |    |    |    |    |    |    |
| <b>Salaries and expenses:</b>      |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 752 BA | 10 | 10 | 11 | 11 | 11 | 12 | 12 |
| Appropriation, mandatory .....     | BA     | 2  | 2  | 2  | 2  | 2  | 2  | 2  |

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

| Account                           |    | 2000<br>actual | estimate |      |      |      |      |      |
|-----------------------------------|----|----------------|----------|------|------|------|------|------|
|                                   |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....                     | O  | 12             | 13       | 12   | 13   | 13   | 14   | 14   |
| Total Salaries and expenses ..... | BA | 12             | 12       | 13   | 13   | 13   | 14   | 14   |
|                                   | O  | 12             | 13       | 12   | 13   | 13   | 14   | 14   |

**Courts of Appeals, District Courts, and other Judicial Services**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |  |
|---|--------|-------|-------|-------|-------|-------|-------|-------|--|
| Salaries and expenses:  |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....  | 752 BA | 2,743 | 3,125 | 3,488 | 3,566 | 3,645 | 3,727 | 3,810 |  |
| Appropriation, mandatory .....  | BA     | 229   | 237   | 250   | 260   | 270   | 281   | 292   |  |
| Spending authority from offsetting collections, discretionary .....                 | BA     | 262   | 333   | 226   |       |       |       |       |  |
| Outlays .....   | O      | 3,128 | 3,668 | 3,949 | 3,820 | 3,910 | 4,001 | 4,095 |  |
| Salaries and expenses (gross) .....   | BA     | 3,234 | 3,695 | 3,964 | 3,826 | 3,915 | 4,008 | 4,102 |  |
|   | O      | 3,128 | 3,668 | 3,949 | 3,820 | 3,910 | 4,001 | 4,095 |  |
| Total, offsetting collections (cash) .....  |        | -262  | -333  | -226  | -40   | -40   | -40   | -40   |  |
| Total Salaries and expenses (net) .....   | BA     | 2,972 | 3,362 | 3,738 | 3,786 | 3,875 | 3,968 | 4,062 |  |
|   | O      | 2,866 | 3,335 | 3,723 | 3,780 | 3,870 | 3,961 | 4,055 |  |
| Defender services:  |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....  | 752 BA | 349   | 434   | 522   | 534   | 546   | 558   | 570   |  |
| Spending authority from offsetting collections, discretionary .....                 | BA     | 26    |       |       |       |       |       |       |  |
| Outlays .....   | O      | 403   | 445   | 520   | 534   | 545   | 557   | 570   |  |
| Defender services (gross) .....   | BA     | 375   | 434   | 522   | 534   | 546   | 558   | 570   |  |
|   | O      | 403   | 445   | 520   | 534   | 545   | 557   | 570   |  |
| Total, offsetting collections (cash) .....  |        | -26   |       |       |       |       |       |       |  |
| Total Defender services (net) .....   | BA     | 349   | 434   | 522   | 534   | 546   | 558   | 570   |  |
|   | O      | 377   | 445   | 520   | 534   | 545   | 557   | 570   |  |
| Fees of jurors and commissioners:   |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....  | 752 BA | 54    | 54    | 50    | 51    | 52    | 53    | 55    |  |
| Outlays .....   | O      | 58    | 56    | 56    | 51    | 52    | 53    | 55    |  |
| Court security:   |        |       |       |       |       |       |       |       |  |
| Appropriation, discretionary .....  | 752 BA | 193   | 205   | 228   | 236   | 249   | 262   | 276   |  |
| Outlays .....   | O      | 190   | 201   | 223   | 234   | 246   | 259   | 273   |  |
| Judiciary filing fees:  |        |       |       |       |       |       |       |       |  |
| Appropriation, mandatory .....  | 752 BA | 106   | 107   | 111   | 111   | 111   | 111   | 111   |  |
| Outlays .....   | O      | 214   | 44    | 107   | 111   | 111   | 111   | 111   |  |
| Registry Administration:  |        |       |       |       |       |       |       |       |  |
| Appropriation, mandatory .....  | 752 BA | 4     | 4     | 4     | 4     | 4     | 4     | 4     |  |
| Outlays .....   | O      | 4     | 4     | 4     | 4     | 4     | 4     | 4     |  |
| Judiciary information technology fund:  |        |       |       |       |       |       |       |       |  |
| Appropriation, mandatory .....  | 752 BA | 190   | 208   | 253   | 227   | 234   | 239   | 245   |  |
| Outlays .....   | O      | 208   | 223   | 250   | 256   | 260   | 264   | 269   |  |
| Total Federal funds Courts of Appeals, District Courts, and other Judicial Services | BA     | 3,868 | 4,374 | 4,906 | 4,949 | 5,071 | 5,195 | 5,323 |  |
|   | O      | 3,917 | 4,308 | 4,883 | 4,970 | 5,088 | 5,209 | 5,337 |  |

**Administrative Office of the United States Courts**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |    |    |    |    |
|---|--------|-----|-----|-----|----|----|----|----|
| Salaries and expenses:  |        |     |     |     |    |    |    |    |
| Appropriation, discretionary .....                                  | 752 BA | 55  | 58  | 63  | 64 | 66 | 67 | 69 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 42  | 47  | 49  |    |    |    |    |
| Outlays .....   | O      | 96  | 105 | 112 | 64 | 66 | 67 | 68 |
| Salaries and expenses (gross) .....                                 | BA     | 97  | 105 | 112 | 64 | 66 | 67 | 69 |
|   | O      | 96  | 105 | 112 | 64 | 66 | 67 | 68 |
| Total, offsetting collections (cash) .....                          |        | -42 | -47 | -49 |    |    |    |    |
| Total Salaries and expenses (net) .....                             | BA     | 55  | 58  | 63  | 64 | 66 | 67 | 69 |
|   | O      | 54  | 58  | 63  | 64 | 66 | 67 | 68 |

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

| Account  | 2000<br>actual | estimate |       |       |       |       |       |       |
|--|----------------|----------|-------|-------|-------|-------|-------|-------|
|  |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |       |
| <b>Federal Judicial Center</b>                                 |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                              |                |          |       |       |       |       |       |       |
| Salaries and expenses:   |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                             | 752 BA         | 18       | 19    | 20    | 20    | 21    | 21    | 22    |
| Outlays .....  | O              | 17       | 17    | 20    | 20    | 21    | 21    | 21    |
| <i>Trust funds</i>   |                |          |       |       |       |       |       |       |
| Gifts and donations, Federal Judicial Center Foundation:       |                |          |       |       |       |       |       |       |
| Appropriation, mandatory .....                                 | 752 BA         | 1        | 1     | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  | O              | 1        | 1     | 1     | 1     | 1     | 1     | 1     |
| <b>Judicial Retirement Funds</b>                               |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                              |                |          |       |       |       |       |       |       |
| Payment to judiciary trust funds:                              |                |          |       |       |       |       |       |       |
| Appropriation, mandatory .....                                 | 752 BA         | 40       | 36    | 37    | 39    | 40    | 42    | 43    |
| Outlays .....  | O              | 40       | 36    | 37    | 39    | 40    | 42    | 43    |
| <i>Trust funds</i>   |                |          |       |       |       |       |       |       |
| Judicial officers' retirement fund:                            |                |          |       |       |       |       |       |       |
| Appropriation, mandatory .....                                 | 602 BA         | 38       | 34    | 34    | 36    | 37    | 39    | 41    |
| Outlays .....  | O              | 17       | 25    | 26    | 27    | 28    | 29    | 30    |
| Judicial survivors' annuities fund:                            |                |          |       |       |       |       |       |       |
| Appropriation, mandatory .....                                 | 602 BA         | 41       | 40    | 39    | 41    | 43    | 46    | 48    |
| Outlays .....  | O              | 13       | 14    | 14    | 15    | 15    | 16    | 16    |
| United States Court of Federal Claims Judges' retirement fund: |                |          |       |       |       |       |       |       |
| Appropriation, mandatory .....                                 | 602 BA         | 3        | 3     | 2     | 2     | 2     | 2     | 2     |
| Outlays .....  | O              | 1        | 1     | 1     | 1     | 1     | 2     | 2     |
| Total Federal funds Judicial Retirement Funds .....            |                |          |       |       |       |       |       |       |
|  | BA             | 40       | 36    | 37    | 39    | 40    | 42    | 43    |
|  | O              | 40       | 36    | 37    | 39    | 40    | 42    | 43    |
| Total Trust funds Judicial Retirement Funds .....              |                |          |       |       |       |       |       |       |
|  | BA             | 82       | 77    | 75    | 79    | 82    | 87    | 91    |
|  | O              | 31       | 40    | 41    | 43    | 44    | 47    | 48    |
| <b>United States Sentencing Commission</b>                     |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                              |                |          |       |       |       |       |       |       |
| Salaries and expenses:   |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                             | 752 BA         | 8        | 10    | 12    | 12    | 13    | 13    | 13    |
| Outlays .....  | O              | 9        | 10    | 11    | 13    | 13    | 13    | 13    |
| <b>Violent Crime Reduction Programs</b>                        |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>                              |                |          |       |       |       |       |       |       |
| Violent crime reduction programs:                              |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                             | 752 BA         | 183      |       |       |       |       |       |       |
| Outlays .....  | O              | 183      |       |       |       |       |       |       |
| <b>Summary</b>   |                |          |       |       |       |       |       |       |
| Federal funds:   |                |          |       |       |       |       |       |       |
| (As shown in detail above) .....                               | BA             | 4,244    | 4,573 | 5,231 | 5,169 | 5,298 | 5,428 | 5,563 |
|  | O              | 4,284    | 4,503 | 5,104 | 5,280 | 5,313 | 5,440 | 5,573 |
| Deductions for offsetting receipts:                            |                |          |       |       |       |       |       |       |
| Intrafund transactions .....                                   | 752 BA/O       | -176     | -195  | -240  | -245  | -250  | -255  | -260  |
| Proprietary receipts from the public .....                     | 752 BA/O       | -14      | -13   | -13   | -13   | -13   | -13   | -13   |
| Total Federal funds .....                                      |                |          |       |       |       |       |       |       |
|  | BA             | 4,054    | 4,365 | 4,978 | 4,911 | 5,035 | 5,160 | 5,290 |
|  | O              | 4,094    | 4,295 | 4,851 | 5,022 | 5,050 | 5,172 | 5,300 |
| Trust funds:   |                |          |       |       |       |       |       |       |
| (As shown in detail above) .....                               | BA             | 82       | 78    | 76    | 80    | 83    | 88    | 92    |
|  | O              | 32       | 41    | 42    | 44    | 45    | 48    | 49    |

**JUDICIAL BRANCH—Continued**  
(In millions of dollars)

| Account                      |          | 2000<br>actual | estimate     |              |              |              |              |              |
|------------------------------|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                              |          |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Interfund transactions ..... | 752 BA/O | -40            | -36          | -37          | -38          | -40          | -41          | -43          |
| Total Judicial Branch .....  | BA       | <b>4,096</b>   | <b>4,407</b> | <b>5,017</b> | <b>4,953</b> | <b>5,078</b> | <b>5,207</b> | <b>5,339</b> |
|                              | O        | 4,086          | 4,300        | 4,856        | 5,028        | 5,055        | 5,179        | 5,306        |

**DEPARTMENT OF AGRICULTURE**  
(In millions of dollars)

| Account |  | 2000<br>actual | estimate |      |      |      |      |      |
|---------|--|----------------|----------|------|------|------|------|------|
|         |  |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |

**Office of the Secretary**  
*Federal funds*

**General and Special Funds:**

Office of the Secretary:

|   |        |           |          |          |          |          |           |           |
|---|--------|-----------|----------|----------|----------|----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 352 BA | 23        | 9        | 9        | 9        | 9        | 10        | 10        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1         |          |          |          |          |           |           |
| Outlays .....   | O      | 19        | 30       | 15       | 9        | 9        | 9         | 9         |
| Office of the Secretary (gross) .....                               | BA     | <b>24</b> | <b>9</b> | <b>9</b> | <b>9</b> | <b>9</b> | <b>10</b> | <b>10</b> |
|   | O      | 19        | 30       | 15       | 9        | 9        | 9         | 9         |
| Total, offsetting collections (cash) .....                          |        | -1        |          |          |          |          |           |           |
| Total Office of the Secretary (net) .....                           | BA     | <b>23</b> | <b>9</b> | <b>9</b> | <b>9</b> | <b>9</b> | <b>10</b> | <b>10</b> |
|   | O      | 18        | 30       | 15       | 9        | 9        | 9         | 9         |

Fund for rural America

(Agricultural research and services):

|  |        |           |           |           |           |           |           |           |
|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (Appropriation, discretionary) .....             | 352 BA |           |           | -60       | 30        |           |           |           |
| (Appropriation, mandatory) .....                 | BA     | 20        | 10        | 75        | 30        | 30        | 30        | 30        |
| (Reappropriation, discretionary) .....           | BA     |           |           |           | 30        |           |           |           |
| (Outlays) .....                                  | O      | 10        | 8         | 12        | 17        | 41        | 48        | 46        |
| Total (Agricultural research and services) ..... | BA     | <b>20</b> | <b>10</b> | <b>15</b> | <b>90</b> | <b>30</b> | <b>30</b> | <b>30</b> |
|  | O      | 10        | 8         | 12        | 17        | 41        | 48        | 46        |

(Area and regional development):

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| (Appropriation, discretionary) .....        | 452 BA |           |           | -60       | 30        |           |           |           |
| (Appropriation, mandatory) .....            | BA     | 40        | 20        | 75        | 30        | 30        | 30        | 30        |
| (Reappropriation, discretionary) .....      | BA     |           |           |           | 30        |           |           |           |
| (Outlays) .....                             | O      | 35        | 24        | 15        | 90        | 30        | 30        | 30        |
| Total (Area and regional development) ..... | BA     | <b>40</b> | <b>20</b> | <b>15</b> | <b>90</b> | <b>30</b> | <b>30</b> | <b>30</b> |
|   | O      | 35        | 24        | 15        | 90        | 30        | 30        | 30        |

|                                    |    |           |           |           |            |           |           |           |
|------------------------------------|----|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Total Fund for rural America ..... | BA | <b>60</b> | <b>30</b> | <b>30</b> | <b>180</b> | <b>60</b> | <b>60</b> | <b>60</b> |
|                                    | O  | 45        | 32        | 27        | 107        | 71        | 78        | 76        |

*Trust funds*

Gifts and bequests:

|   |        |           |           |           |            |           |           |           |
|---|--------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| Appropriation, mandatory .....                    | 352 BA | 1         | 1         | 1         | 1          | 1         | 1         | 1         |
| Outlays .....                                     | O      | 1         | 1         | 1         | 1          | 1         | 1         | 1         |
| Total Federal funds Office of the Secretary ..... | BA     | <b>83</b> | <b>39</b> | <b>39</b> | <b>189</b> | <b>69</b> | <b>70</b> | <b>70</b> |
|   | O      | 63        | 62        | 42        | 116        | 80        | 87        | 85        |
| Total Trust funds Office of the Secretary .....   | BA     | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>   | <b>1</b>  | <b>1</b>  | <b>1</b>  |
|   | O      | 1         | 1         | 1         | 1          | 1         | 1         | 1         |

**Executive Operations**  
*Federal funds*

**General and Special Funds:**

Executive operations:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 25 | 27 | 27 | 28 | 28 | 29 | 29 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O      | 25             | 26         | 28         | 28         | 29         | 30         | 30         |
| Executive operations (gross) .....                                     | BA     | <b>26</b>      | <b>28</b>  | <b>28</b>  | <b>29</b>  | <b>29</b>  | <b>30</b>  | <b>30</b>  |
|  | O      | 25             | 26         | 28         | 28         | 29         | 30         | 30         |
| Total, offsetting collections (cash) .....                             |        | -1             | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Executive operations (net) .....                                 | BA     | <b>25</b>      | <b>27</b>  | <b>27</b>  | <b>28</b>  | <b>28</b>  | <b>29</b>  | <b>29</b>  |
|  | O      | 24             | 25         | 27         | 27         | 28         | 29         | 29         |
| Chief Financial Officer:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                     | 352 BA | 5              | 5          | 5          | 5          | 5          | 5          | 5          |
| Spending authority from offsetting collections, discretionary .....    | BA     | 3              | 2          | 2          | 2          | 2          | 2          | 2          |
| Outlays .....  | O      | 7              | 7          | 7          | 7          | 7          | 7          | 7          |
| Chief Financial Officer (gross) .....                                  | BA     | <b>8</b>       | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   |
|  | O      | 7              | 7          | 7          | 7          | 7          | 7          | 7          |
| Total, offsetting collections (cash) .....                             |        | -3             | -2         | -2         | -2         | -2         | -2         | -2         |
| Total Chief Financial Officer (net) .....                              | BA     | <b>5</b>       | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
|  | O      | 4              | 5          | 5          | 5          | 5          | 5          | 5          |
| Office of the Chief Information Officer:                               |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                     | 352 BA | 10             | 10         | 10         | 10         | 10         | 11         | 11         |
| Spending authority from offsetting collections, discretionary .....    | BA     | 4              | 13         | 2          | 2          | 2          | 2          | 2          |
| Outlays .....  | O      | 45             | 27         | 13         | 12         | 12         | 13         | 13         |
| Office of the Chief Information Officer (gross) .....                  | BA     | <b>14</b>      | <b>23</b>  | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>13</b>  | <b>13</b>  |
|  | O      | 45             | 27         | 13         | 12         | 12         | 13         | 13         |
| Change in uncollected customer payments from Federal sources .....     | BA     | -5             | 2          | 3          |            |            |            |            |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 1              | -2         |            |            |            |            |            |
| Total, offsetting collections (cash) .....                             |        | -1             | -13        | -2         | -2         | -2         | -2         | -2         |
| Total Office of the Chief Information Officer (net) .....              | BA     | <b>9</b>       | <b>10</b>  | <b>13</b>  | <b>10</b>  | <b>10</b>  | <b>11</b>  | <b>11</b>  |
|  | O      | 44             | 14         | 11         | 10         | 10         | 11         | 11         |
| Common computing environment:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                     | 352 BA |                | 59         | 59         | 60         | 62         | 63         | 64         |
| Outlays .....  | O      |                | 50         | 59         | 60         | 62         | 63         | 64         |
| <b>Intragovernmental Funds:</b>  |        |                |            |            |            |            |            |            |
| Working capital fund:  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....    | 352 BA | <b>262</b>     | <b>314</b> | <b>309</b> | <b>309</b> | <b>309</b> | <b>309</b> | <b>309</b> |
| Outlays .....  | O      | 262            | 313        | 309        | 309        | 309        | 309        | 309        |
| Working capital fund (gross) .....                                     | BA     | <b>262</b>     | <b>314</b> | <b>309</b> | <b>309</b> | <b>309</b> | <b>309</b> | <b>309</b> |
|  | O      | 262            | 313        | 309        | 309        | 309        | 309        | 309        |
| Total, offsetting collections (cash) .....                             |        | -262           | -314       | -309       | -309       | -309       | -309       | -309       |
| Total Working capital fund (net) .....                                 | BA     |                |            |            |            |            |            |            |
|  | O      |                | -1         |            |            |            |            |            |
| Total Federal funds Executive Operations .....                         | BA     | <b>39</b>      | <b>101</b> | <b>104</b> | <b>103</b> | <b>105</b> | <b>108</b> | <b>109</b> |
|  | O      | 72             | 93         | 102        | 102        | 105        | 108        | 109        |

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

|  |        |           |           |           |           |           |           |           |
|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Departmental administration:   |        |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                                     | 352 BA | 35        | 36        | 37        | 38        | 39        | 40        | 40        |
| Spending authority from offsetting collections, discretionary .....    | BA     | 24        | 20        | 17        | 17        | 17        | 17        | 17        |
| Outlays .....  | O      | 66        | 54        | 52        | 55        | 56        | 57        | 57        |
| Departmental administration (gross) .....                              | BA     | <b>59</b> | <b>56</b> | <b>54</b> | <b>55</b> | <b>56</b> | <b>57</b> | <b>57</b> |
|  | O      | 66        | 54        | 52        | 55        | 56        | 57        | 57        |
| Change in uncollected customer payments from Federal sources .....     | BA     | -2        | 34        |           |           |           |           |           |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     |           | -34       |           |           |           |           |           |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      | 2006 |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 |      |
| Total, offsetting collections (cash) .....                                 |        | -22            | -20      | -17  | -17  | -17  | -17  | -17  |
| Total Departmental administration (net) .....                              | BA     | 35             | 36       | 37   | 38   | 39   | 40   | 40   |
|  | O      | 44             | 34       | 35   | 38   | 39   | 40   | 40   |
| <b>Hazardous materials management:</b>                                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 304 BA | 16             | 16       | 16   | 16   | 17   | 17   | 17   |
| Spending authority from offsetting collections, discretionary .....        | BA     | 3              |          |      |      |      |      |      |
| Outlays .....  | O      | 15             | 25       | 18   | 18   | 18   | 18   | 19   |
| Hazardous materials management (gross) .....                               | BA     | 19             | 16       | 16   | 16   | 17   | 17   | 17   |
|  | O      | 15             | 25       | 18   | 18   | 18   | 18   | 19   |
| Total, offsetting collections (cash) .....                                 |        | -3             |          |      |      |      |      |      |
| Total Hazardous materials management (net) .....                           | BA     | 16             | 16       | 16   | 16   | 17   | 17   | 17   |
|  | O      | 12             | 25       | 18   | 18   | 18   | 18   | 19   |
| <b>Agriculture buildings and facilities and rental payments:</b>           |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 352 BA | 140            | 183      | 188  | 192  | 196  | 201  | 205  |
| Spending authority from offsetting collections, discretionary .....        | BA     | 9              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 144            | 200      | 190  | 194  | 198  | 203  | 207  |
| Agriculture buildings and facilities and rental payments (gross) .....     | BA     | 149            | 184      | 189  | 193  | 197  | 202  | 206  |
|  | O      | 144            | 200      | 190  | 194  | 198  | 203  | 207  |
| Change in uncollected customer payments from Federal sources .....         | BA     | -1             |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....                                 |        | -8             | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Agriculture buildings and facilities and rental payments (net) ..... | BA     | 140            | 183      | 188  | 192  | 196  | 201  | 205  |
|  | O      | 136            | 199      | 189  | 193  | 197  | 202  | 206  |
| <b>Outreach for socially disadvantaged farmers:</b>                        |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 351 BA | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Spending authority from offsetting collections, discretionary .....        | BA     | 1              |          |      |      |      |      |      |
| Outlays .....  | O      | 5              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outreach for socially disadvantaged farmers (gross) .....                  | BA     | 4              | 3        | 3    | 3    | 3    | 3    | 3    |
|  | O      | 5              | 3        | 3    | 3    | 3    | 3    | 3    |
| Total, offsetting collections (cash) .....                                 |        | -1             |          |      |      |      |      |      |
| Total Outreach for socially disadvantaged farmers (net) .....              | BA     | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
|  | O      | 4              | 3        | 3    | 3    | 3    | 3    | 3    |
| Total Federal funds Departmental Administration .....                      | BA     | 194            | 238      | 244  | 249  | 255  | 261  | 265  |
|  | O      | 196            | 261      | 245  | 252  | 257  | 263  | 268  |

**Office of Communications**

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| <b>Office of Communications:</b>                                    |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 352 BA | 8  | 9  | 9  | 9  | 9  | 10 | 10 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 9  | 9  | 10 | 10 | 11 | 11 | 11 |
| Office of Communications (gross) .....                              | BA     | 9  | 10 | 10 | 10 | 10 | 11 | 11 |
|   | O      | 9  | 9  | 10 | 10 | 11 | 11 | 11 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1 |    |    |    |    |    |    |
| Total, offsetting collections (cash) .....                          |        |    | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Office of Communications (net) .....                          | BA     | 8  | 9  | 9  | 9  | 9  | 10 | 10 |
|   | O      | 9  | 8  | 9  | 9  | 10 | 10 | 10 |

**Office of the Inspector General**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Office of the Inspector General:   |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 352 BA | 65 | 69 | 71 | 73 | 74 | 76 | 78 |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Spending authority from offsetting collections, discretionary ..... | BA | 3              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   | O  | 68             | 71       | 72   | 75   | 76   | 78   | 79   |
| Office of the Inspector General (gross) .....                       | BA | 68             | 71       | 73   | 75   | 76   | 78   | 80   |
|   | O  | 68             | 71       | 72   | 75   | 76   | 78   | 79   |
| Total, offsetting collections (cash) .....                          |    | -3             | -2       | -2   | -2   | -2   | -2   | -2   |
| Total Office of the Inspector General (net) .....                   | BA | 65             | 69       | 71   | 73   | 74   | 76   | 78   |
|   | O  | 65             | 69       | 70   | 73   | 74   | 76   | 77   |

**Office of the General Counsel**

*Federal funds*

**General and Special Funds:**

Office of the General Counsel:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 29 | 32 | 33 | 34 | 34 | 35 | 36 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 29 | 31 | 34 | 35 | 36 | 36 | 37 |
| Office of the General Counsel (gross) .....                         | BA     | 30 | 33 | 34 | 35 | 35 | 36 | 37 |
|   | O      | 29 | 31 | 34 | 35 | 36 | 36 | 37 |
| Total, offsetting collections (cash) .....                          |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Office of the General Counsel (net) .....                     | BA     | 29 | 32 | 33 | 34 | 34 | 35 | 36 |
|   | O      | 28 | 30 | 33 | 34 | 35 | 35 | 36 |

**Economic Research Service**

*Federal funds*

**General and Special Funds:**

Economic Research Service:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 352 BA | 64 | 66 | 67 | 68 | 70 | 72 | 73 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2  | 4  | 4  | 4  | 4  | 4  | 4  |
| Outlays .....   | O      | 72 | 70 | 71 | 72 | 74 | 75 | 77 |
| Economic Research Service (gross) .....                             | BA     | 66 | 70 | 71 | 72 | 74 | 76 | 77 |
|   | O      | 72 | 70 | 71 | 72 | 74 | 75 | 77 |
| Total, offsetting collections (cash) .....                          |        | -2 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Economic Research Service (net) .....                         | BA     | 64 | 66 | 67 | 68 | 70 | 72 | 73 |
|   | O      | 70 | 66 | 67 | 68 | 70 | 71 | 73 |

**National Agricultural Statistics Service**

*Federal funds*

**General and Special Funds:**

National Agricultural Statistics Service:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 352 BA | 99  | 101 | 114 | 134 | 117 | 114 | 119 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 11  | 11  | 11  | 11  | 11  | 11  | 11  |
| Outlays .....   | O      | 114 | 110 | 123 | 142 | 129 | 125 | 129 |
| National Agricultural Statistics Service (gross) .....              | BA     | 110 | 112 | 125 | 145 | 128 | 125 | 130 |
|   | O      | 114 | 110 | 123 | 142 | 129 | 125 | 129 |
| Total, offsetting collections (cash) .....                          |        | -11 | -11 | -11 | -10 | -10 | -10 | -10 |
| Total National Agricultural Statistics Service (net) .....          | BA     | 99  | 101 | 114 | 135 | 118 | 115 | 120 |
|   | O      | 103 | 99  | 112 | 132 | 119 | 115 | 119 |

**Agricultural Research Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |     |     |     |     |       |
|---|--------|-----|-----|-----|-----|-----|-----|-------|
| Appropriation, discretionary .....                                  | 352 BA | 835 | 897 | 916 | 936 | 957 | 979 | 1,000 |
| Appropriation, mandatory .....                                      | BA     | 18  | 18  | 18  | 18  | 18  | 18  | 18    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 41  | 60  | 60  | 60  | 60  | 60  | 60    |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |              |              |              |
|---|--------|----------------|------------|------------|------------|--------------|--------------|--------------|
|   |        |                | 2001       | 2002       | 2003       | 2004         | 2005         | 2006         |
| Outlays .....   | O      | 857            | 959        | 972        | 1,015      | 1,012        | 1,033        | 1,055        |
| Salaries and expenses (gross) .....                     | BA     | <b>876</b>     | <b>975</b> | <b>976</b> | <b>996</b> | <b>1,017</b> | <b>1,039</b> | <b>1,060</b> |
|   | O      | 857            | 959        | 972        | 1,015      | 1,012        | 1,033        | 1,055        |
| Total, offsetting collections (cash) .....              |        | -41            | -60        | -60        | -60        | -60          | -60          | -60          |
| Total Salaries and expenses (net) .....                 | BA     | <b>835</b>     | <b>915</b> | <b>916</b> | <b>936</b> | <b>957</b>   | <b>979</b>   | <b>1,000</b> |
|   | O      | 816            | 899        | 912        | 955        | 952          | 973          | 995          |
| <b>Buildings and facilities:</b>                        |        |                |            |            |            |              |              |              |
| Appropriation, discretionary .....                      | 352 BA | <b>53</b>      | <b>74</b>  | <b>30</b>  | <b>31</b>  | <b>31</b>    | <b>32</b>    | <b>33</b>    |
| Outlays .....   | O      | 51             | 62         | 56         | 69         | 57           | 55           | 32           |
| <i>Trust funds</i>                                      |        |                |            |            |            |              |              |              |
| <b>Miscellaneous contributed funds:</b>                 |        |                |            |            |            |              |              |              |
| Appropriation, mandatory .....                          | 352 BA | <b>20</b>      | <b>23</b>  | <b>23</b>  | <b>23</b>  | <b>23</b>    | <b>23</b>    | <b>23</b>    |
| Outlays .....   | O      | 20             | 23         | 23         | 23         | 23           | 23           | 23           |
| Total Federal funds Agricultural Research Service ..... | BA     | <b>888</b>     | <b>989</b> | <b>946</b> | <b>967</b> | <b>988</b>   | <b>1,011</b> | <b>1,033</b> |
|   | O      | 867            | 961        | 968        | 1,024      | 1,009        | 1,028        | 1,027        |
| Total Trust funds Agricultural Research Service .....   | BA     | <b>20</b>      | <b>23</b>  | <b>23</b>  | <b>23</b>  | <b>23</b>    | <b>23</b>    | <b>23</b>    |
|   | O      | 20             | 23         | 23         | 23         | 23           | 23           | 23           |

**Cooperative State Research, Education, and Extension Service**

*Federal funds*

**General and Special Funds:**

**Integrated activities:**

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 352 BA | <b>40</b> | <b>42</b> | <b>42</b> | <b>43</b> | <b>44</b> | <b>45</b> | <b>46</b> |
| Outlays .....                      | O      | 1         | 17        | 31        | 41        | 42        | 43        | 44        |

**Initiative for future agriculture and food systems:**

|  |        |            |            |             |            |            |            |            |
|--|--------|------------|------------|-------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                             | 352 BA |            |            | <b>-120</b> | <b>120</b> |            |            |            |
| Appropriation, mandatory .....                                 | BA     | <b>120</b> | <b>120</b> | <b>240</b>  | <b>120</b> | <b>120</b> | <b>120</b> | <b>120</b> |
| Outlays .....  | O      |            | 48         | 96          | 126        | 162        | 162        | 150        |
| Total Initiative for future agriculture and food systems ..... | BA     | <b>120</b> | <b>120</b> | <b>120</b>  | <b>240</b> | <b>120</b> | <b>120</b> | <b>120</b> |
|  | O      |            | 48         | 96          | 126        | 162        | 162        | 150        |

**Research and education activities:**

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 352 BA | <b>487</b> | <b>513</b> | <b>416</b> | <b>425</b> | <b>435</b> | <b>444</b> | <b>454</b> |
| Appropriation, mandatory .....                                      | BA     |            | <b>28</b>  |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>14</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  |
| Outlays .....   | O      | 462        | 525        | 490        | 535        | 492        | 452        | 462        |
| Research and education activities (gross) .....                     | BA     | <b>501</b> | <b>557</b> | <b>432</b> | <b>441</b> | <b>451</b> | <b>460</b> | <b>470</b> |
|   | O      | 462        | 525        | 490        | 535        | 492        | 452        | 462        |
| Total, offsetting collections (cash) .....                          |        | -14        | -16        | -16        | -16        | -16        | -16        | -16        |
| Total Research and education activities (net) .....                 | BA     | <b>487</b> | <b>541</b> | <b>416</b> | <b>425</b> | <b>435</b> | <b>444</b> | <b>454</b> |
|   | O      | 448        | 509        | 474        | 519        | 476        | 436        | 446        |

**Buildings and facilities:**

|               |       |    |    |    |    |  |  |  |
|---------------|-------|----|----|----|----|--|--|--|
| Outlays ..... | 352 O | 34 | 25 | 31 | 12 |  |  |  |
|---------------|-------|----|----|----|----|--|--|--|

**Extension activities:**

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 352 BA | <b>424</b> | <b>432</b> | <b>413</b> | <b>422</b> | <b>432</b> | <b>441</b> | <b>451</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>16</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  |
| Outlays .....   | O      | 453        | 446        | 485        | 457        | 461        | 462        | 472        |
| Extension activities (gross) .....                                  | BA     | <b>440</b> | <b>457</b> | <b>438</b> | <b>447</b> | <b>457</b> | <b>466</b> | <b>476</b> |
|   | O      | 453        | 446        | 485        | 457        | 461        | 462        | 472        |

|  |  |     |     |     |     |     |     |     |
|--|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections (cash) ..... |  | -16 | -25 | -25 | -25 | -25 | -25 | -25 |
|--|--|-----|-----|-----|-----|-----|-----|-----|

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Extension activities (net) ..... | BA | <b>424</b> | <b>432</b> | <b>413</b> | <b>422</b> | <b>432</b> | <b>441</b> | <b>451</b> |
|  | O  | 437        | 421        | 460        | 432        | 436        | 437        | 447        |

|  |    |              |              |            |              |              |              |              |
|--|----|--------------|--------------|------------|--------------|--------------|--------------|--------------|
| Total Federal funds Cooperative State Research, Education, and Extension Service ..... | BA | <b>1,071</b> | <b>1,135</b> | <b>991</b> | <b>1,130</b> | <b>1,031</b> | <b>1,050</b> | <b>1,071</b> |
|  | O  | 920          | 1,020        | 1,092      | 1,130        | 1,116        | 1,078        | 1,087        |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |      |       |       |
|--|--------|----------------|----------|-------|-------|------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004 | 2005  | 2006  |
| <b>Animal and Plant Health Inspection Service</b>                    |        |                |          |       |       |      |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |      |       |       |
| <b>General and Special Funds:</b>                                    |        |                |          |       |       |      |       |       |
| Salaries and expenses:   |        |                |          |       |       |      |       |       |
| Appropriation, discretionary .....                                   | 352 BA | 655            | 856      | 722   | 653   | 668  | 682   | 698   |
|  |        |                |          | ∕-5   | ∕-5   | ∕-5  | ∕-5   | ∕-5   |
| Appropriation, mandatory .....                                       | BA     | 134            | 178      | 145   | 321   | 259  | 266   | 272   |
| Spending authority from offsetting collections, discretionary .....  | BA     | 76             | 60       | 60    | 60    | 60   | 60    | 60    |
|  |        |                |          | ∕5    | ∕5    | ∕5   | ∕5    | ∕6    |
| Outlays .....  | O      | 703            | 1,100    | 1,081 | 1,036 | 988  | 1,006 | 1,025 |
|  |        |                |          |       |       |      |       | ∕1    |
| Salaries and expenses (gross) .....                                  | BA     | 865            | 1,094    | 927   | 1,034 | 987  | 1,008 | 1,031 |
|  | O      | 703            | 1,100    | 1,081 | 1,036 | 988  | 1,006 | 1,026 |
| Total, offsetting collections (cash) .....                           |        | -76            | -60      | -60   | -60   | -60  | -60   | -60   |
|  |        |                |          | ∕-5   | ∕-5   | ∕-5  | ∕-5   | ∕-6   |
| Total Salaries and expenses (net) .....                              | BA     | 789            | 1,034    | 862   | 969   | 922  | 943   | 965   |
|  | O      | 627            | 1,040    | 1,016 | 971   | 923  | 941   | 960   |
| Buildings and facilities:  |        |                |          |       |       |      |       |       |
| Appropriation, discretionary .....                                   | 352 BA | 5              | 10       | 5     | 5     | 5    | 5     | 5     |
| Outlays .....  | O      | 9              | 7        | 9     | 5     | 5    | 5     | 5     |
| <i>Trust funds</i>   |        |                |          |       |       |      |       |       |
| Miscellaneous trust funds:   |        |                |          |       |       |      |       |       |
| Appropriation, mandatory .....                                       | 352 BA | 17             | 13       | 13    | 13    | 13   | 13    | 13    |
| Outlays .....  | O      | 23             | 13       | 9     | 13    | 13   | 13    | 13    |
| Total Federal funds Animal and Plant Health Inspection Service ..... | BA     | 794            | 1,044    | 867   | 974   | 927  | 948   | 970   |
|  | O      | 636            | 1,047    | 1,025 | 976   | 928  | 946   | 965   |
| Total Trust funds Animal and Plant Health Inspection Service .....   | BA     | 17             | 13       | 13    | 13    | 13   | 13    | 13    |
|  | O      | 23             | 13       | 9     | 13    | 13   | 13    | 13    |

**Food Safety and Inspection Service**  
*Federal funds*

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                                   |        |     |     |     |     |     |     |     |
| Salaries and expenses:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 554 BA | 649 | 695 | 716 | 732 | 748 | 765 | 782 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 98  | 96  | 99  | 96  | 96  | 96  | 96  |
| Outlays .....   | O      | 745 | 791 | 832 | 827 | 844 | 860 | 877 |
| Salaries and expenses (gross) .....                                 | BA     | 747 | 791 | 815 | 828 | 844 | 861 | 878 |
|   | O      | 745 | 791 | 832 | 827 | 844 | 860 | 877 |
| Total, offsetting collections (cash) .....                          |        | -98 | -96 | -99 | -96 | -96 | -96 | -96 |
| Total Salaries and expenses (net) .....                             | BA     | 649 | 695 | 716 | 732 | 748 | 765 | 782 |
|   | O      | 647 | 695 | 733 | 731 | 748 | 764 | 781 |
| <i>Trust funds</i>  |        |     |     |     |     |     |     |     |
| Expenses and refunds, inspection and grading of farm products:      |        |     |     |     |     |     |     |     |
| Appropriation, mandatory .....                                      | 352 BA | 3   | 3   | 3   | 4   | 4   | 4   | 4   |
| Outlays .....   | O      | -2  | 3   | 3   | 4   | 4   | 4   | 4   |

**Grain Inspection, Packers and Stockyards Administration**  
*Federal funds*

|   |        |    |    |     |     |     |     |     |
|---|--------|----|----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                                   |        |    |    |     |     |     |     |     |
| Salaries and expenses:  |        |    |    |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 352 BA | 26 | 32 | 33  | 34  | 34  | 35  | 36  |
|   |        |    |    | ∕-4 | ∕-4 | ∕-4 | ∕-4 | ∕-4 |
| Spending authority from offsetting collections, discretionary ..... | BA     |    |    | ∕4  | ∕4  | ∕4  | ∕4  | ∕4  |
| Outlays .....   | O      | 25 | 32 | 33  | 34  | 34  | 35  | 35  |
| Salaries and expenses (gross) .....                                 | BA     | 26 | 32 | 33  | 34  | 34  | 35  | 36  |
|   | O      | 25 | 32 | 33  | 34  | 34  | 35  | 35  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      | 2006 |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 |      |
| Total, offsetting collections (cash) .....   |        |                |          | J-4  | J-4  | J-4  | J-4  | J-4  |
| Total Salaries and expenses (net) .....  | BA     | 26             | 32       | 29   | 30   | 30   | 31   | 32   |
|  | O      | 25             | 32       | 29   | 30   | 30   | 31   | 31   |
| <b>Public Enterprise Funds:</b>  |        |                |          |      |      |      |      |      |
| Inspection and weighing services:  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....                    | 352 BA | 35             | 43       | 43   | 43   | 43   | 43   | 43   |
| Outlays .....  | O      | 35             | 43       | 43   | 43   | 43   | 43   | 43   |
| Inspection and weighing services (gross) .....                                     | BA     | 35             | 43       | 43   | 43   | 43   | 43   | 43   |
|  | O      | 35             | 43       | 43   | 43   | 43   | 43   | 43   |
| Total, offsetting collections (cash) .....   |        | -35            | -43      | -43  | -43  | -43  | -43  | -43  |
| Total Inspection and weighing services (net) .....                                 | BA     |                |          |      |      |      |      |      |
|  | O      |                |          |      |      |      |      |      |
| Total Federal funds Grain Inspection, Packers and Stockyards Administration .....  | BA     | 26             | 32       | 29   | 30   | 30   | 31   | 32   |
|  | O      | 25             | 32       | 29   | 30   | 30   | 31   | 31   |
| <b>Agricultural Marketing Service</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Marketing services:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 352 BA | 52             | 65       | 71   | 73   | 74   | 76   | 78   |
| Spending authority from offsetting collections, discretionary .....                | BA     | 50             | 63       | 63   | 63   | 63   | 63   | 63   |
| Outlays .....  | O      | 102            | 120      | 134  | 135  | 137  | 139  | 140  |
| Limitation on administrative level .....   |        | (61)           | (61)     | (61) | (62) | (64) | (65) | (67) |
| Marketing services (gross) .....   | BA     | 102            | 128      | 134  | 136  | 137  | 139  | 141  |
|  | O      | 102            | 120      | 134  | 135  | 137  | 139  | 140  |
| Total, offsetting collections (cash) .....   |        | -50            | -63      | -63  | -63  | -63  | -63  | -63  |
| Total Marketing services (net) .....   | BA     | 52             | 65       | 71   | 73   | 74   | 76   | 78   |
|  | O      | 52             | 57       | 71   | 72   | 74   | 76   | 77   |
| Payments to States and possessions:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 352 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Perishable Agricultural Commodities Act fund:                                      |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 352 BA | 7              | 37       | 7    | 7    | 7    | 7    | 7    |
| Outlays .....  | O      | 8              | 10       | 8    | 8    | 8    | 8    | 8    |
| Funds for strengthening markets, income, and supply (section 32):                  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 605 BA | 730            | 737      | 710  | 710  | 710  | 710  | 710  |
| Spending authority from offsetting collections, mandatory .....                    | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 543            | 750      | 638  | 639  | 639  | 639  | 639  |
| Funds for strengthening markets, income, and supply (section 32) (gross) .....     | BA     | 731            | 738      | 711  | 711  | 711  | 711  | 711  |
|  | O      | 543            | 750      | 638  | 639  | 639  | 639  | 639  |
| Total, offsetting collections (cash) .....   |        | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Funds for strengthening markets, income, and supply (section 32) (net) ..... | BA     | 730            | 737      | 710  | 710  | 710  | 710  | 710  |
|  | O      | 542            | 749      | 637  | 638  | 638  | 638  | 638  |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Expenses and refunds, inspection and grading of farm products:                     |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 352 BA | 119            | 155      | 114  | 114  | 114  | 114  | 114  |
| Outlays .....  | O      | 121            | 119      | 117  | 117  | 117  | 117  | 117  |
| Milk market orders assessment fund:  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....                    | 351 BA | 48             | 42       | 42   | 42   | 42   | 42   | 42   |
| Outlays .....  | O      | 23             |          |      |      |      |      |      |
| Milk market orders assessment fund (gross) .....                                   | BA     | 48             | 42       | 42   | 42   | 42   | 42   | 42   |
|  | O      | 23             |          |      |      |      |      |      |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Total, offsetting collections (cash) .....               |    | -48            | -42        | -42        | -42        | -42        | -42        | -42        |
| Total Milk market orders assessment fund (net) .....     | BA | -25            | -42        | -42        | -42        | -42        | -42        | -42        |
|  | O  |                |            |            |            |            |            |            |
| Total Federal funds Agricultural Marketing Service ..... | BA | <b>790</b>     | <b>840</b> | <b>789</b> | <b>791</b> | <b>792</b> | <b>794</b> | <b>796</b> |
|  | O  | 603            | 817        | 717        | 719        | 721        | 723        | 724        |
| Total Trust funds Agricultural Marketing Service .....   | BA | <b>119</b>     | <b>155</b> | <b>114</b> | <b>114</b> | <b>114</b> | <b>114</b> | <b>114</b> |
|  | O  | 96             | 77         | 75         | 75         | 75         | 75         | 75         |

**Risk Management Agency**

*Federal funds*

**General and Special Funds:**

Administrative and operating expenses:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                | 351 BA | <b>64</b> | <b>65</b> | <b>75</b> | <b>77</b> | <b>78</b> | <b>80</b> | <b>82</b> |
| Appropriation, mandatory .....                    | BA     | <b>13</b> |           |           |           |           |           |           |
| Outlays .....                                     | O      | 64        | 69        | 92        | 77        | 78        | 80        | 81        |
| Total Administrative and operating expenses ..... | BA     | <b>77</b> | <b>65</b> | <b>75</b> | <b>77</b> | <b>78</b> | <b>80</b> | <b>82</b> |
|   | O      | 64        | 69        | 92        | 77        | 78        | 80        | 81        |

**Public Enterprise Funds:**

Federal crop insurance corporation fund:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....                                  | 351 BA | <b>698</b>   | <b>2,805</b> | <b>3,037</b> | <b>3,204</b> | <b>3,368</b> | <b>3,523</b> | <b>3,730</b> |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>639</b>   | <b>1,025</b> | <b>1,090</b> | <b>1,115</b> | <b>1,151</b> | <b>1,211</b> | <b>1,270</b> |
| Outlays .....   | O      | 2,917        | 3,608        | 4,011        | 4,235        | 4,437        | 4,656        | 4,897        |
| Federal crop insurance corporation fund (gross) .....           | BA     | <b>1,337</b> | <b>3,830</b> | <b>4,127</b> | <b>4,319</b> | <b>4,519</b> | <b>4,734</b> | <b>5,000</b> |
|   | O      | 2,917        | 3,608        | 4,011        | 4,235        | 4,437        | 4,656        | 4,897        |
| Total, offsetting collections (cash) .....                      |        | -639         | -1,025       | -1,090       | -1,115       | -1,151       | -1,211       | -1,270       |
| Total Federal crop insurance corporation fund (net) .....       | BA     | <b>698</b>   | <b>2,805</b> | <b>3,037</b> | <b>3,204</b> | <b>3,368</b> | <b>3,523</b> | <b>3,730</b> |
|   | O      | 2,278        | 2,583        | 2,921        | 3,120        | 3,286        | 3,445        | 3,627        |
| Total Federal funds Risk Management Agency .....                | BA     | <b>775</b>   | <b>2,870</b> | <b>3,112</b> | <b>3,281</b> | <b>3,446</b> | <b>3,603</b> | <b>3,812</b> |
|   | O      | 2,342        | 2,652        | 3,013        | 3,197        | 3,364        | 3,525        | 3,708        |

**Farm Service Agency**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                     | 351 BA | <b>873</b>   | <b>876</b>   | <b>939</b>   | <b>960</b>   | <b>981</b>   | <b>1,003</b> | <b>1,026</b> |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>359</b>   | <b>357</b>   | <b>368</b>   | <b>368</b>   | <b>368</b>   | <b>368</b>   | <b>368</b>   |
| Outlays .....  | O      | 1,118        | 1,253        | 1,344        | 1,345        | 1,391        | 1,382        | 1,391        |
| Salaries and expenses (gross) .....                                    | BA     | <b>1,232</b> | <b>1,233</b> | <b>1,307</b> | <b>1,328</b> | <b>1,349</b> | <b>1,371</b> | <b>1,394</b> |
|  | O      | 1,118        | 1,253        | 1,344        | 1,345        | 1,391        | 1,382        | 1,391        |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>-23</b>   |              |              |              |              |              |              |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | <b>-2</b>    |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                             |        | -334         | -357         | -368         | -368         | -368         | -368         | -368         |
| Total Salaries and expenses (net) .....                                | BA     | <b>873</b>   | <b>876</b>   | <b>939</b>   | <b>960</b>   | <b>981</b>   | <b>1,003</b> | <b>1,026</b> |
|  | O      | 784          | 896          | 976          | 977          | 1,023        | 1,014        | 1,023        |

State mediation grants:

|                                    |        |          |          |          |          |          |          |          |
|------------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary ..... | 351 BA | <b>3</b> |
| Outlays .....                      | O      | 2        | 3        | 2        | 3        | 3        | 3        | 3        |

Tree assistance program:

|               |       |   |   |   |  |  |  |  |
|---------------|-------|---|---|---|--|--|--|--|
| Outlays ..... | 351 O | 2 | 4 | 3 |  |  |  |  |
|---------------|-------|---|---|---|--|--|--|--|

Conservation reserve program:

|               |       |    |   |  |  |  |  |  |
|---------------|-------|----|---|--|--|--|--|--|
| Outlays ..... | 302 O | 19 | 1 |  |  |  |  |  |
|---------------|-------|----|---|--|--|--|--|--|

Agricultural conservation program:

|               |       |   |   |   |   |   |   |   |
|---------------|-------|---|---|---|---|---|---|---|
| Outlays ..... | 302 O | 4 | 3 | 4 | 3 | 3 | 2 | 1 |
|---------------|-------|---|---|---|---|---|---|---|

Emergency conservation program:

|                                    |        |           |           |    |    |  |  |  |
|------------------------------------|--------|-----------|-----------|----|----|--|--|--|
| Appropriation, discretionary ..... | 453 BA | <b>60</b> | <b>80</b> |    |    |  |  |  |
| Outlays .....                      | O      | 65        | 82        | 64 | 26 |  |  |  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   | 2000<br>actual | estimate |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|
|   |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Public Enterprise Funds:</b>   |                |          |         |         |         |         |         |
| Commodity Credit Corporation fund   |                |          |         |         |         |         |         |
| (Conservation and land management):   |                |          |         |         |         |         |         |
| (Appropriation, discretionary) .....  | 302 BA         |          |         | J-89    |         |         |         |
| (Authority to borrow, mandatory) .....  | BA             | 1,848    | 2,104   | 2,050   | 2,022   | 2,112   | 2,124   |
| (Outlays) .....   | O              | 1,774    | 2,060   | 2,065   | 2,031   | 2,120   | 2,112   |
|   |                |          |         | J-7     | J-9     | J-8     | J-3     |
|   |                |          |         |         |         |         | J-3     |
| Total (Conservation and land management) .....                                      | BA             | 1,848    | 2,104   | 1,961   | 2,022   | 2,112   | 2,124   |
|   | O              | 1,774    | 2,060   | 2,058   | 2,022   | 2,112   | 2,109   |
|   |                |          |         |         |         |         | 2,115   |
|   |                |          |         |         |         |         | 2,103   |
|   |                |          |         |         |         |         | 2,100   |
| (Farm income stabilization):  |                |          |         |         |         |         |         |
| (Appropriation, mandatory) .....  | 351 BA         | 39       |         |         |         |         |         |
| (Authority to borrow, mandatory) .....  | BA             | 28,286   | 21,260  | 8,043   | 5,769   | 5,667   | 5,697   |
| (Spending authority from offsetting collections, mandatory) .....                   | BA             | 11,086   | 11,005  | 10,911  | 9,548   | 9,230   | 8,987   |
| (Outlays) .....   | O              | 41,584   | 29,558  | 21,935  | 16,825  | 15,367  | 14,987  |
| Commodity Credit Corporation fund (gross) .....                                     | BA             | 41,259   | 34,369  | 20,915  | 17,339  | 17,009  | 16,808  |
|   | O              | 43,358   | 31,618  | 23,993  | 18,847  | 17,479  | 17,096  |
| Total, offsetting collections (cash) .....  |                | -11,086  | -11,005 | -10,911 | -9,548  | -9,230  | -8,987  |
| Total (Farm income stabilization) (net) .....                                       | BA             | 28,325   | 21,260  | 8,043   | 5,769   | 5,667   | 5,697   |
|   | O              | 30,498   | 18,553  | 11,024  | 7,277   | 6,137   | 6,000   |
|   |                |          |         |         |         |         | 6,091   |
| Total Commodity Credit Corporation fund .....                                       | BA             | 30,173   | 23,364  | 10,004  | 7,791   | 7,779   | 7,821   |
|   | O              | 32,272   | 20,613  | 13,082  | 9,299   | 8,249   | 8,109   |
|   |                |          |         |         |         |         | 8,191   |
| <b>Credit Accounts:</b>   |                |          |         |         |         |         |         |
| Agricultural credit insurance fund program account:                                 |                |          |         |         |         |         |         |
| Appropriation, discretionary .....  | 351 BA         | 475      | 389     | 466     | 476     | 487     | 498     |
| Appropriation, mandatory .....  | BA             | 725      | 525     |         |         |         | 509     |
| Outlays .....   | O              | 1,116    | 1,007   | 465     | 476     | 487     | 497     |
| Limitation on direct loan activity .....  |                | (1,770)  | (780)   | (855)   | (874)   | (894)   | (913)   |
| Limitation on loan guarantee commitments .....                                      |                | (3,778)  | (2,318) | (3,000) | (3,067) | (3,135) | (3,205) |
|   |                |          |         |         |         |         | (3,277) |
| Total Agricultural credit insurance fund program account .....                      | BA             | 1,200    | 914     | 466     | 476     | 487     | 498     |
|   | O              | 1,116    | 1,007   | 465     | 476     | 487     | 497     |
|   |                |          |         |         |         |         | 508     |
| Agricultural credit insurance fund liquidating account:                             |                |          |         |         |         |         |         |
| Spending authority from offsetting collections, mandatory .....                     | 351 BA         | 54       | 19      | 18      | 17      | 15      | 14      |
| Outlays .....   | O              | 18       | 19      | 18      | 17      | 15      | 14      |
| Agricultural credit insurance fund liquidating account (gross) .....                | BA             | 54       | 19      | 18      | 17      | 15      | 14      |
|   | O              | 18       | 19      | 18      | 17      | 15      | 14      |
| Total, offsetting collections (cash) .....  |                | -920     | -870    | -829    | -789    | -756    | -722    |
| Total Agricultural credit insurance fund liquidating account (net) .....            | BA             | -866     | -851    | -811    | -772    | -741    | -708    |
|   | O              | -902     | -851    | -811    | -772    | -741    | -708    |
|   |                |          |         |         |         |         | -676    |
|   |                |          |         |         |         |         | -676    |
| Commodity Credit Corporation export loans program account:                          |                |          |         |         |         |         |         |
| Appropriation, discretionary .....  | 351 BA         | 4        | 4       | 4       | 4       | 4       | 4       |
| Appropriation, mandatory .....  | BA             | 209      | 305     | 266     | 266     | 266     | 266     |
| Outlays .....   | O              | 204      | 315     | 278     | 270     | 270     | 270     |
| Total Commodity Credit Corporation export loans program account .....               | BA             | 213      | 309     | 270     | 270     | 270     | 270     |
|   | O              | 204      | 315     | 278     | 270     | 270     | 270     |
| Commodity Credit Corporation guaranteed loans liquidating account:                  |                |          |         |         |         |         |         |
| Spending authority from offsetting collections, mandatory .....                     | 351 BA         | 214      | 397     | 312     | 330     | 440     | 458     |
| Outlays .....   | O              |          | -20     |         |         |         |         |
| Commodity Credit Corporation guaranteed loans liquidating account (gross) .....     | BA             | 214      | 397     | 312     | 330     | 440     | 458     |
|   | O              |          | -20     |         |         |         |         |
| Total, offsetting collections (cash) .....  |                | -214     | -397    | -312    | -330    | -440    | -458    |
| Total Commodity Credit Corporation guaranteed loans liquidating account (net) ..... | BA             | -214     | -417    | -312    | -330    | -440    | -458    |
|   | O              |          |         |         |         |         |         |
|   |                |          |         |         |         |         | -455    |
| Farm storage facility loans program account:  |                |          |         |         |         |         |         |
| Appropriation, mandatory .....  | 351 BA         | 10       | 4       | 3       | 3       | 2       | 2       |
| Outlays .....   | O              |          | 6       | 3       | 3       | 2       | 2       |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account                                     |         | 2000<br>actual          | estimate                |                         |                       |                       |                       |                       |
|---|---------|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |         |                         | 2001                    | 2002                    | 2003                  | 2004                  | 2005                  | 2006                  |
| Apple loans program account:                |         |                         |                         |                         |                       |                       |                       |                       |
| Outlays                                     | 351 O   |                         | 5                       |                         |                       |                       |                       |                       |
| Limitation on direct loan activity          |         |                         | (100)                   |                         |                       |                       |                       |                       |
| Emergency boll weevil loan program account: |         |                         |                         |                         |                       |                       |                       |                       |
| Outlays                                     | 351 O   |                         | 6                       |                         |                       |                       |                       |                       |
| Limitation on direct loan activity          |         |                         | (10)                    |                         |                       |                       |                       |                       |
| Total Federal funds Farm Service Agency     | BA<br>O | <b>31,666</b><br>33,352 | <b>24,699</b><br>21,673 | <b>10,874</b><br>13,754 | <b>8,731</b><br>9,955 | <b>8,781</b><br>8,856 | <b>8,889</b><br>8,731 | <b>9,040</b><br>8,867 |

**Natural Resources Conservation Service**

Federal funds

**General and Special Funds:**

|   |         |                   |                   |                   |                   |                   |                   |                   |  |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| Conservation operations:                                      |         |                   |                   |                   |                   |                   |                   |                   |  |
| Appropriation, discretionary                                  | 302 BA  | 661               | 712               | 773               | 790               | 808               | 826               | 844               |  |
| Spending authority from offsetting collections, discretionary | BA      | 128               | 149               | 90                | 90                | 90                | 90                | 90                |  |
| Outlays   | O       | 768               | 896               | 859               | 884               | 899               | 914               | 932               |  |
| Conservation operations (gross)                               | BA<br>O | <b>789</b><br>768 | <b>861</b><br>896 | <b>863</b><br>859 | <b>880</b><br>884 | <b>898</b><br>899 | <b>916</b><br>914 | <b>934</b><br>932 |  |
| Total, offsetting collections (cash)                          |         | -128              | -149              | -90               | -90               | -90               | -90               | -90               |  |
| Total Conservation operations (net)                           | BA<br>O | <b>661</b><br>640 | <b>712</b><br>747 | <b>773</b><br>769 | <b>790</b><br>794 | <b>808</b><br>809 | <b>826</b><br>824 | <b>844</b><br>842 |  |
| Watershed surveys and planning:                               |         |                   |                   |                   |                   |                   |                   |                   |  |
| Appropriation, discretionary                                  | 301 BA  | 10                | 11                | 11                | 11                | 11                | 12                | 12                |  |
| Spending authority from offsetting collections, discretionary | BA      |                   | 1                 | 1                 | 1                 | 1                 | 1                 | 1                 |  |
| Outlays   | O       | 10                | 13                | 11                | 13                | 13                | 13                | 13                |  |
| Watershed surveys and planning (gross)                        | BA<br>O | <b>10</b><br>10   | <b>12</b><br>13   | <b>12</b><br>11   | <b>12</b><br>13   | <b>12</b><br>13   | <b>13</b><br>13   | <b>13</b><br>13   |  |
| Total, offsetting collections (cash)                          |         |                   | -1                | -1                | -1                | -1                | -1                | -1                |  |
| Total Watershed surveys and planning (net)                    | BA<br>O | <b>10</b><br>10   | <b>11</b><br>12   | <b>11</b><br>10   | <b>11</b><br>12   | <b>11</b><br>12   | <b>12</b><br>12   | <b>12</b><br>12   |  |
| Watershed and flood prevention operations:                    |         |                   |                   |                   |                   |                   |                   |                   |  |
| Appropriation, discretionary                                  | 301 BA  | 176               | 209               | 100               | 102               | 105               | 107               | 109               |  |
| Spending authority from offsetting collections, discretionary | BA      | 22                | 25                | 25                | 25                | 25                | 25                | 25                |  |
| Outlays   | O       | 272               | 263               | 229               | 161               | 147               | 131               | 133               |  |
| Watershed and flood prevention operations (gross)             | BA<br>O | <b>198</b><br>272 | <b>234</b><br>263 | <b>125</b><br>229 | <b>127</b><br>161 | <b>130</b><br>147 | <b>132</b><br>131 | <b>134</b><br>133 |  |
| Total, offsetting collections (cash)                          |         | -22               | -25               | -25               | -25               | -25               | -25               | -25               |  |
| Total Watershed and flood prevention operations (net)         | BA<br>O | <b>176</b><br>250 | <b>209</b><br>238 | <b>100</b><br>204 | <b>102</b><br>136 | <b>105</b><br>122 | <b>107</b><br>106 | <b>109</b><br>108 |  |
| Resource conservation and development:                        |         |                   |                   |                   |                   |                   |                   |                   |  |
| Appropriation, discretionary                                  | 302 BA  | 35                | 42                | 43                | 44                | 45                | 46                | 47                |  |
| Spending authority from offsetting collections, discretionary | BA      | 1                 | 1                 | 1                 | 1                 | 1                 | 1                 | 1                 |  |
| Outlays   | O       | 38                | 41                | 43                | 45                | 45                | 46                | 48                |  |
| Resource conservation and development (gross)                 | BA<br>O | <b>36</b><br>38   | <b>43</b><br>41   | <b>44</b><br>43   | <b>45</b><br>45   | <b>46</b><br>45   | <b>47</b><br>46   | <b>48</b><br>48   |  |
| Total, offsetting collections (cash)                          |         | -1                | -1                | -1                | -1                | -1                | -1                | -1                |  |
| Total Resource conservation and development (net)             | BA<br>O | <b>35</b><br>37   | <b>42</b><br>40   | <b>43</b><br>42   | <b>44</b><br>44   | <b>45</b><br>44   | <b>46</b><br>45   | <b>47</b><br>47   |  |
| Great plains conservation program:                            |         |                   |                   |                   |                   |                   |                   |                   |  |
| Outlays   | 302 O   | 3                 | 3                 | 2                 | 1                 |                   |                   |                   |  |
| Forestry incentives program:                                  |         |                   |                   |                   |                   |                   |                   |                   |  |
| Appropriation, discretionary                                  | 302 BA  | 5                 | 6                 |                   |                   |                   |                   |                   |  |
| Outlays   | O       | 8                 | 8                 | 3                 | 3                 | 1                 |                   |                   |  |
| Water bank program:   |         |                   |                   |                   |                   |                   |                   |                   |  |
| Outlays   | 302 O   | 6                 | 6                 | 5                 |                   |                   |                   |                   |  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |            |            | 2006         |
|--|--------|----------------|------------|------------|------------|------------|------------|--------------|
|  |        |                | 2001       | 2002       | 2003       | 2004       | 2005       |              |
| Colorado river basin salinity control program:             |        |                |            |            |            |            |            |              |
| Outlays  | 304 O  | 1              | 1          |            |            |            |            |              |
| Wetlands reserve program:                                  |        |                |            |            |            |            |            |              |
| Outlays  | 302 O  | 7              | 8          | 2          |            |            |            |              |
| Wildlife habitat incentives program:                       |        |                |            |            |            |            |            |              |
| Outlays  | 302 O  | 8              | 11         | 7          | 6          | 5          |            |              |
| <i>Trust funds</i>   |        |                |            |            |            |            |            |              |
| Miscellaneous contributed funds:                           |        |                |            |            |            |            |            |              |
| Authority to borrow, mandatory                             | 302 BA | 1              |            |            |            |            |            |              |
| Outlays  | O      | 7              | 7          | 7          | 2          |            |            |              |
| Total Federal funds Natural Resources Conservation Service | BA     | <b>887</b>     | <b>980</b> | <b>927</b> | <b>947</b> | <b>969</b> | <b>991</b> | <b>1,012</b> |
|  | O      | 970            | 1,074      | 1,044      | 996        | 993        | 987        | 1,009        |
| Total Trust funds Natural Resources Conservation Service   | BA     | <b>1</b>       |            |            |            |            |            |              |
|  | O      | 7              | 7          | 7          | 2          |            |            |              |

**Rural Development**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 452 BA | 127        | 130        | 134        | 137        | 140        | 143        | 146        |
| Spending authority from offsetting collections, discretionary | BA     | 480        | 470        | 482        | 469        | 469        | 469        | 469        |
| Outlays   | O      | 590        | 600        | 593        | 601        | 609        | 611        | 615        |
| Salaries and expenses (gross)                                 | BA     | <b>607</b> | <b>600</b> | <b>616</b> | <b>606</b> | <b>609</b> | <b>612</b> | <b>615</b> |
|   | O      | 590        | 600        | 593        | 601        | 609        | 611        | 615        |
| Total, offsetting collections (cash)                          |        | -480       | -470       | -482       | -469       | -469       | -469       | -469       |
| Total Salaries and expenses (net)                             | BA     | <b>127</b> | <b>130</b> | <b>134</b> | <b>137</b> | <b>140</b> | <b>143</b> | <b>146</b> |
|   | O      | 110        | 130        | 111        | 132        | 140        | 142        | 146        |

**Credit Accounts:**

Rural community advancement program:

|   |        |            |              |            |            |            |            |            |
|---|--------|------------|--------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 452 BA | 700        | 970          | 692        | 707        | 724        | 739        | 755        |
| Appropriation, mandatory                                      | BA     | 2          | 112          |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary | BA     | 32         | 7            |            |            |            |            |            |
| Outlays   | O      | 628        | 883          | 743        | 743        | 731        | 715        | 685        |
| Limitation on direct loan activity                            |        | (950)      | (1,348)      | (1,058)    | (1,082)    | (1,106)    | (1,130)    | (1,156)    |
| Limitation on loan guarantee commitments                      |        | (1,177)    | (2,985)      | (1,285)    | (1,314)    | (1,343)    | (1,373)    | (1,404)    |
| Rural community advancement program (gross)                   | BA     | <b>734</b> | <b>1,089</b> | <b>692</b> | <b>707</b> | <b>724</b> | <b>739</b> | <b>755</b> |
|   | O      | 628        | 883          | 743        | 743        | 731        | 715        | 685        |
| Total, offsetting collections (cash)                          |        | -32        | -7           |            |            |            |            |            |
| Total Rural community advancement program (net)               | BA     | <b>702</b> | <b>1,082</b> | <b>692</b> | <b>707</b> | <b>724</b> | <b>739</b> | <b>755</b> |
|   | O      | 596        | 876          | 743        | 743        | 731        | 715        | 685        |
| Total Federal funds Rural Development                         | BA     | <b>829</b> | <b>1,212</b> | <b>826</b> | <b>844</b> | <b>864</b> | <b>882</b> | <b>901</b> |
|   | O      | 706        | 1,006        | 854        | 875        | 871        | 857        | 831        |

**Rural Housing Service**

*Federal funds*

**General and Special Funds:**

Rural housing assistance grants:

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary                                  | 604 BA | 60        | 44        | 39        | 40        | 40        | 42        | 43        |
| Spending authority from offsetting collections, discretionary | BA     | 2         |           |           |           |           |           |           |
| Outlays   | O      | 45        | 54        | 51        | 47        | 45        | 43        | 41        |
| Rural housing assistance grants (gross)                       | BA     | <b>62</b> | <b>44</b> | <b>39</b> | <b>40</b> | <b>40</b> | <b>42</b> | <b>43</b> |
|   | O      | 45        | 54        | 51        | 47        | 45        | 43        | 41        |
| Total, offsetting collections (cash)                          |        | -2        |           |           |           |           |           |           |
| Total Rural housing assistance grants (net)                   | BA     | <b>60</b> | <b>44</b> | <b>39</b> | <b>40</b> | <b>40</b> | <b>42</b> | <b>43</b> |
|   | O      | 43        | 54        | 51        | 47        | 45        | 43        | 41        |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   | 2000<br>actual | estimate |         |         |         |         |         |         |
|---|----------------|----------|---------|---------|---------|---------|---------|---------|
|   |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |         |
| Rental assistance program:                                    |                |          |         |         |         |         |         |         |
| Appropriation, discretionary                                  | 604 BA         | 654      | 679     | 694     | 739     | 814     | 832     | 830     |
| Outlays   | O              | 575      | 634     | 675     | 701     | 735     | 775     | 810     |
| Rural housing voucher program:                                |                |          |         |         |         |         |         |         |
| Outlays   | 604 O          | 1        | 1       | 1       |         |         |         |         |
| Mutual and self-help housing grants:                          |                |          |         |         |         |         |         |         |
| Appropriation, discretionary                                  | 604 BA         | 28       | 34      | 34      | 35      | 36      | 36      | 37      |
| Outlays   | O              | 21       | 29      | 34      | 33      | 34      | 34      | 36      |
| <b>Credit Accounts:</b>                                       |                |          |         |         |         |         |         |         |
| Farm labor program account:                                   |                |          |         |         |         |         |         |         |
| Appropriation, discretionary                                  | 604 BA         |          | 30      | 28      | 28      | 30      | 30      | 30      |
| Spending authority from offsetting collections, discretionary | BA             |          | 1       |         |         |         |         |         |
| Outlays   | O              |          | 6       | 17      | 25      | 27      | 29      | 30      |
| Limitation on direct loan activity                            |                |          | (30)    | (28)    | (29)    | (29)    | (30)    | (31)    |
| Farm labor program account (gross)                            | BA             |          | 31      | 28      | 28      | 30      | 30      | 30      |
|   | O              |          | 6       | 17      | 25      | 27      | 29      | 30      |
| Total, offsetting collections (cash)                          |                |          | -1      |         |         |         |         |         |
| Total Farm labor program account (net)                        | BA             |          | 30      | 28      | 28      | 30      | 30      | 30      |
|   | O              |          | 5       | 17      | 25      | 27      | 29      | 30      |
| Rural housing insurance fund program account:                 |                |          |         |         |         |         |         |         |
| Appropriation, discretionary                                  | 371 BA         | 585      | 662     | 664     | 678     | 693     | 710     | 726     |
| Appropriation, mandatory                                      | BA             |          | 288     |         |         |         |         |         |
| Outlays   | O              | 559      | 946     | 675     | 674     | 686     | 699     | 721     |
| Limitation on direct loan activity                            |                | (1,399)  | (1,235) | (1,233) | (1,260) | (1,289) | (1,317) | (1,347) |
| Limitation on loan guarantee commitments                      |                | (3,300)  | (3,236) | (3,238) | (3,310) | (3,384) | (3,459) | (3,537) |
| Total Rural housing insurance fund program account            | BA             | 585      | 950     | 664     | 678     | 693     | 710     | 726     |
|   | O              | 559      | 946     | 675     | 674     | 686     | 699     | 721     |
| Rural housing insurance fund liquidating account:             |                |          |         |         |         |         |         |         |
| Appropriation, mandatory                                      | 371 BA         | 317      |         |         |         |         | 341     | 127     |
| Spending authority from offsetting collections, mandatory     | BA             | 343      | 545     | 539     | 538     | 529     |         |         |
| Outlays   | O              | 743      | 579     | 539     | 538     | 538     | 454     | 270     |
| Rural housing insurance fund liquidating account (gross)      | BA             | 660      | 545     | 539     | 538     | 529     | 341     | 127     |
|   | O              | 743      | 579     | 539     | 538     | 538     | 454     | 270     |
| Total, offsetting collections (cash)                          |                | -1,914   | -1,833  | -1,717  | -1,601  | -1,493  | -1,390  | -1,292  |
| Total Rural housing insurance fund liquidating account (net)  | BA             | -1,254   | -1,288  | -1,178  | -1,063  | -964    | -1,049  | -1,165  |
|   | O              | -1,171   | -1,254  | -1,178  | -1,063  | -955    | -936    | -1,022  |
| Total Federal funds Rural Housing Service                     | BA             | 73       | 449     | 281     | 457     | 649     | 601     | 501     |
|   | O              | 28       | 415     | 275     | 417     | 572     | 644     | 616     |

**Rural Business — Cooperative Service**

Federal funds

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Rural empowerment zones and enterprise community grants:      |        |    |    |    |    |    |    |    |
| Appropriation, discretionary                                  | 452 BA | 15 | 15 | 15 | 15 | 16 | 16 | 16 |
| Outlays   | O      | 6  | 17 | 22 | 17 | 15 | 15 | 17 |
| Rural cooperative development grants:                         |        |    |    |    |    |    |    |    |
| Appropriation, discretionary                                  | 452 BA | 6  | 16 | 6  | 6  | 6  | 6  | 6  |
| Appropriation, mandatory                                      | BA     |    | 15 |    |    |    |    |    |
| Spending authority from offsetting collections, discretionary | BA     |    | 2  |    |    |    |    |    |
| Outlays   | O      | 5  | 6  | 26 | 15 | 7  | 7  | 7  |
| Rural cooperative development grants (gross)                  | BA     | 6  | 33 | 6  | 6  | 6  | 6  | 6  |
|   | O      | 5  | 6  | 26 | 15 | 7  | 7  | 7  |
| Total, offsetting collections (cash)                          |        |    | -2 |    |    |    |    |    |
| Total Rural cooperative development grants (net)              | BA     | 6  | 31 | 6  | 6  | 6  | 6  | 6  |
|   | O      | 5  | 4  | 26 | 15 | 7  | 7  | 7  |
| Rural economic development grants:                            |        |    |    |    |    |    |    |    |
| Spending authority from offsetting collections, mandatory     | 452 BA | 2  | 1  |    |    |    |    |    |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....   | O      | 9              | 8        | 5    |      |      |      |      |
| Rural economic development grants (gross) .....                                     | BA     | 2              | 1        |      |      |      |      |      |
|   | O      | 9              | 8        | 5    |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....                  | BA     | 1              | 1        |      |      |      |      |      |
| Total, offsetting collections (cash) .....  |        | -3             | -2       |      |      |      |      |      |
| Total Rural economic development grants (net) .....                                 | BA     |                |          |      |      |      |      |      |
|   | O      | 6              | 6        | 5    |      |      |      |      |
| National Sheep Industry Improvement Center:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....  | 452 BA |                | 5        |      |      |      |      |      |
| Outlays .....   | O      | 10             | 9        |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>   |        |                |          |      |      |      |      |      |
| Alternative agricultural research and commercialization corporation revolving fund: |        |                |          |      |      |      |      |      |
| Outlays .....   | 352 O  | 2              |          |      |      |      |      |      |
| <b>Credit Accounts:</b>   |        |                |          |      |      |      |      |      |
| Rural development loan fund program account:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 452 BA | 20             | 23       | 20   | 20   | 21   | 21   | 21   |
| Appropriation, mandatory .....  | BA     |                | 1        |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....                 | BA     |                | 3        |      |      |      |      |      |
| Outlays .....   | O      | 25             | 29       | 25   | 24   | 24   | 20   | 20   |
| Limitation on direct loan activity .....  |        | (38)           | (38)     | (38) | (39) | (40) | (41) | (42) |
| Rural development loan fund program account (gross) .....                           | BA     | 20             | 27       | 20   | 20   | 21   | 21   | 21   |
|   | O      | 25             | 29       | 25   | 24   | 24   | 20   | 20   |
| Total, offsetting collections (cash) .....  |        |                | -3       |      |      |      |      |      |
| Total Rural development loan fund program account (net) .....                       | BA     | 20             | 24       | 20   | 20   | 21   | 21   | 21   |
|   | O      | 25             | 26       | 25   | 24   | 24   | 20   | 20   |
| Rural development loan fund liquidating account:                                    |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....                     | 452 BA |                |          |      | 1    | 1    | 1    | 1    |
| Outlays .....   | O      |                | 1        |      |      |      |      |      |
| Rural development loan fund liquidating account (gross) .....                       | BA     |                |          |      | 1    | 1    | 1    | 1    |
|   | O      |                | 1        |      |      |      |      |      |
| Total, offsetting collections (cash) .....  |        | -4             | -4       | -4   | -4   | -3   | -3   | -3   |
| Total Rural development loan fund liquidating account (net) .....                   | BA     | -4             | -4       | -4   | -3   | -2   | -2   | -2   |
|   | O      | -4             | -3       | -4   | -4   | -3   | -3   | -3   |
| Rural economic development loans program account:                                   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 452 BA | 3              | 4        | 4    | 4    | 4    | 4    | 4    |
| Spending authority from offsetting collections, discretionary .....                 | BA     |                | 2        |      |      |      |      |      |
| Outlays .....   | O      | 4              | 4        | 5    | 4    | 4    | 4    | 4    |
| Limitation on direct loan activity .....  |        | (15)           | (15)     | (15) | (15) | (16) | (16) | (16) |
| Rural economic development loans program account (gross) .....                      | BA     | 3              | 6        | 4    | 4    | 4    | 4    | 4    |
|   | O      | 4              | 4        | 5    | 4    | 4    | 4    | 4    |
| Total, offsetting collections (cash) .....  |        |                | -2       |      |      |      |      |      |
| Total Rural economic development loans program account (net) .....                  | BA     | 3              | 4        | 4    | 4    | 4    | 4    | 4    |
|   | O      | 4              | 2        | 5    | 4    | 4    | 4    | 4    |
| Rural economic development loans liquidating account:                               |        |                |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....  | 271    | -1             | -1       |      |      |      |      |      |
| Total Federal funds Rural Business — Cooperative Service .....                      | BA     | 39             | 74       | 41   | 42   | 45   | 45   | 45   |
|   | O      | 53             | 60       | 79   | 56   | 47   | 43   | 45   |

**Rural Utilities Service**

Federal funds

**General and Special Funds:**

High energy cost grants:

|               |       |  |  |    |   |   |  |  |
|---------------|-------|--|--|----|---|---|--|--|
| Outlays ..... | 452 O |  |  | 13 | 8 | 3 |  |  |
|---------------|-------|--|--|----|---|---|--|--|

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  | 2000<br>actual | estimate |         |         |         |         |         |
|--|----------------|----------|---------|---------|---------|---------|---------|
|  |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Public Enterprise Funds:</b>  |                |          |         |         |         |         |         |
| Rural communication development fund liquidating account:                    |                |          |         |         |         |         |         |
| Appropriation, mandatory   | 452 BA         | 2        | 2       | 2       | 2       | 2       | 2       |
| Spending authority from offsetting collections, mandatory                    | BA             | 1        | 1       | 1       | 1       | 1       | 1       |
| Outlays  | O              | 3        | 2       | 1       | 1       | 1       | 1       |
| Rural communication development fund liquidating account (gross)             | BA             | 3        | 3       | 3       | 3       | 3       | 3       |
|  | O              | 3        | 2       | 1       | 1       | 1       | 1       |
| Total, offsetting collections (cash)   |                | -1       | -1      | -1      | -1      | -1      | -1      |
| Total Rural communication development fund liquidating account (net)         | BA             | 2        | 2       | 2       | 2       | 2       | 2       |
|  | O              | 2        | 1       | -1      |         |         |         |
| <b>Credit Accounts:</b>  |                |          |         |         |         |         |         |
| Rural electrification and telecommunications loans program account:          |                |          |         |         |         |         |         |
| Appropriation, discretionary   | 271 BA         | 46       | 75      | 41      | 42      | 43      | 44      |
| Appropriation, mandatory   | BA             |          | 140     |         |         |         |         |
| Outlays  | O              | 78       | 217     | 71      | 58      | 50      | 48      |
| Limitation on direct loan activity   |                | (2,559)  | (3,010) | (3,010) | (3,077) | (3,146) | (3,288) |
| Limitation on loan guarantee commitments                                     |                | (53)     | (100)   | (100)   | (102)   | (105)   | (109)   |
| Total Rural electrification and telecommunications loans program account     | BA             | 46       | 215     | 41      | 42      | 43      | 44      |
|  | O              | 78       | 217     | 71      | 58      | 50      | 48      |
| Rural electrification and telecommunications liquidating account:            |                |          |         |         |         |         |         |
| Appropriation, discretionary   | 271 BA         |          |         | -4      | -4      | -4      | -4      |
| Appropriation, mandatory   | BA             | 22       | 32      | 23      | 140     | 320     | 147     |
| Spending authority from offsetting collections, mandatory                    | BA             | 1,239    | 1,210   | 1,126   | 1,068   | 688     | 791     |
| Outlays  | O              | 1,285    | 1,669   | 1,145   | 1,204   | 1,005   | 934     |
| Rural electrification and telecommunications liquidating account (gross)     | BA             | 1,261    | 1,242   | 1,145   | 1,204   | 1,004   | 934     |
|  | O              | 1,285    | 1,669   | 1,145   | 1,204   | 1,005   | 934     |
| Change in uncollected customer payments from Federal sources                 | BA             | 45       |         |         |         |         |         |
| Total, offsetting collections (cash)   |                | -3,305   | -3,009  | -2,738  | -2,492  | -2,268  | -2,065  |
| Total Rural electrification and telecommunications liquidating account (net) | BA             | -1,999   | -1,767  | -1,593  | -1,288  | -1,264  | -1,131  |
|  | O              | -2,020   | -1,340  | -1,593  | -1,288  | -1,263  | -1,131  |
| Rural telephone bank program account:  |                |          |         |         |         |         |         |
| Appropriation, discretionary   | 452 BA         | 6        | 6       | 3       | 3       | 3       | 3       |
| Appropriation, mandatory   | BA             | 1        | 4       |         |         |         |         |
| Outlays  | O              | 6        | 8       | 4       | 5       | 5       | 5       |
| Limitation on direct loan activity   |                | (175)    | (175)   |         |         |         |         |
| Total Rural telephone bank program account                                   | BA             | 7        | 10      | 3       | 3       | 3       | 3       |
|  | O              | 6        | 8       | 4       | 5       | 5       | 5       |
| Rural telephone bank liquidating account:                                    |                |          |         |         |         |         |         |
| Appropriation, mandatory   | 452 BA         | -25      | -24     | -23     | -22     | -20     | -19     |
| Spending authority from offsetting collections, mandatory                    | BA             | 150      | 135     | 251     | 255     | 264     | 273     |
| Outlays  | O              | 26       | 27      | 37      | 35      | 35      | 33      |
| Rural telephone bank liquidating account (gross)                             | BA             | 125      | 111     | 228     | 233     | 244     | 254     |
|  | O              | 26       | 27      | 37      | 35      | 35      | 33      |
| Total, offsetting collections (cash)   |                | -188     | -210    | -256    | -260    | -269    | -278    |
| Total Rural telephone bank liquidating account (net)                         | BA             | -63      | -99     | -28     | -27     | -25     | -24     |
|  | O              | -162     | -183    | -219    | -225    | -234    | -254    |
| Distance learning and telemedicine program:                                  |                |          |         |         |         |         |         |
| Appropriation, discretionary   | 452 BA         | 21       | 27      | 27      | 28      | 28      | 29      |
| Outlays  | O              | 7        | 17      | 21      | 24      | 25      | 27      |
| Limitation on direct loan activity   |                | (200)    | (400)   | (300)   | (307)   | (314)   | (321)   |
|  |                |          |         | -(100)  | -(102)  | -(105)  | -(107)  |
| Total Distance learning and telemedicine program                             | BA             | 21       | 27      | 27      | 28      | 28      | 29      |
|  | O              | 7        | 17      | 21      | 24      | 25      | 27      |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |  |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|--|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   |        |  |
| Rural development insurance fund liquidating account:            |        |                |          |        |        |        |        |        |  |
| Appropriation, mandatory   | 452 BA | 290            | 511      | 308    | 155    | 74     |        |        |  |
| Spending authority from offsetting collections, mandatory        | BA     | 293            |          |        |        |        | 11     |        |  |
| Outlays  | O      | 586            | 577      | 408    | 170    | 123    | 25     |        |  |
| Rural development insurance fund liquidating account (gross)     | BA     | 583            | 511      | 308    | 155    | 74     | 11     |        |  |
|  | O      | 586            | 577      | 408    | 170    | 123    | 25     |        |  |
| Total, offsetting collections (cash)                             |        | -398           | -363     | -341   | -321   | -302   | -285   | -268   |  |
| Total Rural development insurance fund liquidating account (net) | BA     | 185            | 148      | -33    | -166   | -228   | -274   | -268   |  |
|  | O      | 188            | 214      | 67     | -151   | -179   | -260   | -268   |  |
| Total Federal funds Rural Utilities Service                      | BA     | -1,801         | -1,464   | -1,581 | -1,406 | -1,441 | -1,352 | -1,214 |  |
|  | O      | -1,901         | -1,066   | -1,636 | -1,570 | -1,593 | -1,554 | -1,444 |  |

**Foreign Agricultural Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary                                  | 352 BA | 125 | 115 | 122 | 125 | 128 | 130 | 133 |
| Spending authority from offsetting collections, discretionary | BA     | 72  | 87  | 88  | 88  | 64  | 64  | 64  |
| Outlays   | O      | 197 | 192 | 210 | 212 | 192 | 194 | 198 |
| Salaries and expenses (gross)                                 | BA     | 197 | 202 | 210 | 213 | 192 | 194 | 197 |
|   | O      | 197 | 192 | 210 | 212 | 192 | 194 | 198 |
| Total, offsetting collections (cash)                          |        | -72 | -87 | -88 | -88 | -64 | -64 | -64 |
| Total Salaries and expenses (net)                             | BA     | 125 | 115 | 122 | 125 | 128 | 130 | 133 |
|   | O      | 125 | 105 | 122 | 124 | 128 | 130 | 134 |

Scientific activities overseas (foreign currency program):

|         |       |   |   |   |  |  |  |  |
|---------|-------|---|---|---|--|--|--|--|
| Outlays | 352 O | 1 | 1 | 1 |  |  |  |  |
|---------|-------|---|---|---|--|--|--|--|

Public Law 480 title I ocean freight differential grants:

|  |        |     |     |    |    |    |    |    |
|--|--------|-----|-----|----|----|----|----|----|
| Appropriation, discretionary   | 351 BA | 21  | 20  | 20 | 20 | 21 | 21 | 22 |
| Spending authority from offsetting collections, discretionary        | BA     | 11  |     |    |    |    |    |    |
| Outlays  | O      | 57  | 116 | 18 | 21 | 21 | 21 | 21 |
| Public Law 480 title I ocean freight differential grants (gross)     | BA     | 32  | 20  | 20 | 20 | 21 | 21 | 22 |
|  | O      | 57  | 116 | 18 | 21 | 21 | 21 | 21 |
| Total, offsetting collections (cash)                                 |        | -11 |     |    |    |    |    |    |
| Total Public Law 480 title I ocean freight differential grants (net) | BA     | 21  | 20  | 20 | 20 | 21 | 21 | 22 |
|  | O      | 46  | 116 | 18 | 21 | 21 | 21 | 21 |

P.L. 480 grants — titles II and III:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary                                  | 151 BA | 839 | 835 | 835 | 854 | 873 | 892 | 912 |
| Spending authority from offsetting collections, discretionary | BA     | 2   |     |     |     |     |     |     |
| Outlays   | O      | 948 | 887 | 843 | 848 | 862 | 878 | 897 |
| P.L. 480 grants — titles II and III (gross)                   | BA     | 841 | 835 | 835 | 854 | 873 | 892 | 912 |
|   | O      | 948 | 887 | 843 | 848 | 862 | 878 | 897 |
| Total, offsetting collections (cash)                          |        | -2  |     |     |     |     |     |     |
| Total P.L. 480 grants — titles II and III (net)               | BA     | 839 | 835 | 835 | 854 | 873 | 892 | 912 |
|   | O      | 946 | 887 | 843 | 848 | 862 | 878 | 897 |

**Credit Accounts:**

P.L. 480 program account:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary  | 351 BA | 83    | 115   | 116   | 119   | 121   | 124   | 127   |
| Outlays   | O      | 296   | 292   | 249   | 139   | 120   | 123   | 125   |
| Limitation on direct loan activity  |        | (145) | (159) | (139) | (142) | (145) | (149) | (152) |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account: |        |       |       |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                               | 151 BA | 3     | 55    | 20    | 2     | 2     | 2     | 2     |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....  | O      |                | 2        | 2    | 2    | 2    | 2    | 2    |
| Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (gross) .....     | BA     | 3              | 55       | 20   | 2    | 2    | 2    | 2    |
|  | O      |                | 2        | 2    | 2    | 2    | 2    | 2    |
| Total, offsetting collections (cash) .....   |        | -492           | -551     | -501 | -472 | -465 | -453 | -448 |
| Total Expenses, Public Law 480, foreign assistance programs, Agriculture liquidating account (net) ..... | BA     | -489           | -496     | -481 | -470 | -463 | -451 | -446 |
|  | O      | -492           | -549     | -499 | -470 | -463 | -451 | -446 |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Miscellaneous contributed funds:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 352 BA |                | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....  | O      |                | 4        | 4    | 4    | 4    | 4    | 4    |
| Total Federal funds Foreign Agricultural Service .....   | BA     | 579            | 589      | 612  | 648  | 680  | 716  | 748  |
|  | O      | 922            | 852      | 734  | 662  | 668  | 701  | 731  |
| Total Trust funds Foreign Agricultural Service .....   | BA     |                | 4        | 4    | 4    | 4    | 4    | 4    |
|  | O      |                | 4        | 4    | 4    | 4    | 4    | 4    |

**Food and Nutrition Service**

*Federal funds*

**General and Special Funds:**

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Food program administration:  |        |        |        |        |        |        |        |        |
| Appropriation, discretionary .....  | 605 BA | 114    | 120    | 128    | 131    | 134    | 137    | 140    |
| Spending authority from offsetting collections, discretionary .....                         | BA     | 1      | 1      |        |        |        |        |        |
| Outlays .....   | O      | 115    | 121    | 127    | 131    | 134    | 136    | 139    |
| Food program administration (gross) .....   | BA     | 115    | 121    | 128    | 131    | 134    | 137    | 140    |
|   | O      | 115    | 121    | 127    | 131    | 134    | 136    | 139    |
| Total, offsetting collections (cash) .....  |        | -1     | -1     |        |        |        |        |        |
| Total Food program administration (net) .....   | BA     | 114    | 120    | 128    | 131    | 134    | 137    | 140    |
|   | O      | 114    | 120    | 127    | 131    | 134    | 136    | 139    |
| Food stamp program:   |        |        |        |        |        |        |        |        |
| Appropriation, discretionary .....  | 605 BA | 5      | 17     | 16     | 16     | 17     | 17     | 17     |
| Appropriation, mandatory .....  | BA     | 21,067 | 20,097 | 21,976 | 22,878 | 23,590 | 24,511 | 25,402 |
| Spending authority from offsetting collections, mandatory .....                             | BA     | 212    | 212    | 212    | 212    | 212    | 212    | 212    |
| Outlays .....   | O      | 18,507 | 19,937 | 21,139 | 22,048 | 22,764 | 23,686 | 24,582 |
| Food stamp program (gross) .....  | BA     | 21,284 | 20,326 | 22,204 | 23,106 | 23,819 | 24,740 | 25,631 |
|   | O      | 18,507 | 19,937 | 21,139 | 22,048 | 22,764 | 23,686 | 24,582 |
| Total, offsetting collections (cash) .....  |        | -212   | -212   | -212   | -212   | -212   | -212   | -212   |
| Total Food stamp program (net) .....  | BA     | 21,072 | 20,114 | 21,992 | 22,894 | 23,607 | 24,528 | 25,419 |
|   | O      | 18,295 | 19,725 | 20,927 | 21,836 | 22,552 | 23,474 | 24,370 |
| Child nutrition programs:   |        |        |        |        |        |        |        |        |
| Appropriation, discretionary .....  | 605 BA | 14     | 13     | 9      | 9      | 9      | 10     | 10     |
| Appropriation, mandatory .....  | BA     | 9,579  | 9,610  | 10,083 | 11,028 | 11,591 | 12,103 | 12,646 |
| Outlays .....   | O      | 9,203  | 9,899  | 10,344 | 10,944 | 11,511 | 12,031 | 12,571 |
| Total Child nutrition programs .....  | BA     | 9,593  | 9,623  | 10,092 | 11,037 | 11,600 | 12,113 | 12,656 |
|   | O      | 9,203  | 9,899  | 10,344 | 10,944 | 11,511 | 12,031 | 12,571 |
| Special supplemental nutrition program for women, infants, and children (WIC):              |        |        |        |        |        |        |        |        |
| Appropriation, discretionary .....  | 605 BA | 4,032  | 4,043  | 4,137  | 4,229  | 4,324  | 4,420  | 4,519  |
| Appropriation, mandatory .....  | BA     |        | 1      |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary .....                         | BA     |        | 15     |        |        |        |        |        |
| Outlays .....   | O      | 3,950  | 4,100  | 4,129  | 4,222  | 4,316  | 4,412  | 4,511  |
| Special supplemental nutrition program for women, infants, and children (WIC) (gross) ..... | BA     | 4,032  | 4,059  | 4,137  | 4,229  | 4,324  | 4,420  | 4,519  |
|   | O      | 3,950  | 4,100  | 4,129  | 4,222  | 4,316  | 4,412  | 4,511  |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |        | 2006   |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005   |        |
| Total, offsetting collections (cash)  |        |                | -15      |        |        |        |        |        |
| Total Special supplemental nutrition program for women, infants, and children (WIC) (net) | BA     | 4,032          | 4,044    | 4,137  | 4,229  | 4,324  | 4,420  | 4,519  |
|   | O      | 3,950          | 4,085    | 4,129  | 4,222  | 4,316  | 4,412  | 4,511  |
| Commodity assistance program:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 605 BA | 133            | 140      | 135    | 138    | 141    | 144    | 147    |
| Outlays   | O      | 132            | 138      | 135    | 138    | 141    | 144    | 147    |
| Food donations programs:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 605 BA | 141            | 151      | 151    | 154    | 158    | 161    | 165    |
| Outlays   | O      | 137            | 150      | 151    | 153    | 157    | 161    | 165    |
| Total Federal funds Food and Nutrition Service  | BA     | 35,085         | 34,192   | 36,635 | 38,583 | 39,964 | 41,503 | 43,046 |
|   | O      | 31,831         | 34,117   | 35,813 | 37,424 | 38,811 | 40,358 | 41,903 |

**Forest Service**

*Federal funds*

**General and Special Funds:**

|   |        |   |       |       |       |       |       |       |
|---|--------|---|-------|-------|-------|-------|-------|-------|
| National forest system:                                       |        |   |       |       |       |       |       |       |
| Appropriation, discretionary                                  | 302 BA | 1,263   | 1,310 | 1,314 | 1,343 | 1,373 | 1,404 | 1,435 |
| Spending authority from offsetting collections, discretionary | BA     | 63  | 65    | 66    | 82    | 82    | 82    | 82    |
| Outlays   | O      | 1,342   | 1,369 | 1,378 | 1,421 | 1,450 | 1,481 | 1,512 |
| National forest system (gross)                                | BA     | 1,326   | 1,375 | 1,380 | 1,425 | 1,455 | 1,486 | 1,517 |
|   | O      | 1,342   | 1,369 | 1,378 | 1,421 | 1,450 | 1,481 | 1,512 |
| Total, offsetting collections (cash)                          |        | -63    -65    -66    -82    -82    -82    -82 |       |       |       |       |       |       |
| Total National forest system (net)                            | BA     | 1,263   | 1,310 | 1,314 | 1,343 | 1,373 | 1,404 | 1,435 |
|   | O      | 1,279   | 1,304 | 1,312 | 1,339 | 1,368 | 1,399 | 1,430 |
| Capital improvement and maintenance:                          |        |   |       |       |       |       |       |       |
| Appropriation, discretionary                                  | 302 BA | 403   | 519   | 524   | 536   | 547   | 559   | 573   |
| Spending authority from offsetting collections, discretionary | BA     | 2   | 4     | 4     | 1     | 1     | 1     | 1     |
| Outlays   | O      | 355   | 531   | 592   | 591   | 546   | 557   | 569   |
| Capital improvement and maintenance (gross)                   | BA     | 405   | 523   | 528   | 537   | 548   | 560   | 574   |
|   | O      | 355   | 531   | 592   | 591   | 546   | 557   | 569   |
| Total, offsetting collections (cash)                          |        | -2    -4    -4    -1    -1    -1    -1        |       |       |       |       |       |       |
| Total Capital improvement and maintenance (net)               | BA     | 403   | 519   | 524   | 536   | 547   | 559   | 573   |
|   | O      | 353   | 527   | 588   | 590   | 545   | 556   | 568   |
| Forest and rangeland research:                                |        |   |       |       |       |       |       |       |
| Appropriation, discretionary                                  | 302 BA | 202   | 229   | 235   | 240   | 246   | 251   | 257   |
| Spending authority from offsetting collections, discretionary | BA     | 19  | 22    | 24    | 24    | 24    | 24    | 24    |
| Outlays   | O      | 232   | 243   | 268   | 263   | 268   | 274   | 279   |
| Forest and rangeland research (gross)                         | BA     | 221   | 251   | 259   | 264   | 270   | 275   | 281   |
|   | O      | 232   | 243   | 268   | 263   | 268   | 274   | 279   |
| Total, offsetting collections (cash)                          |        | -19    -22    -24    -24    -24    -24    -24 |       |       |       |       |       |       |
| Total Forest and rangeland research (net)                     | BA     | 202   | 229   | 235   | 240   | 246   | 251   | 257   |
|   | O      | 213   | 221   | 244   | 239   | 244   | 250   | 255   |
| State and private forestry:                                   |        |   |       |       |       |       |       |       |
| Appropriation, discretionary                                  | 302 BA | 206   | 413   | 238   | 244   | 248   | 254   | 260   |
| Spending authority from offsetting collections, discretionary | BA     | 2   | 4     | 2     | 7     | 7     | 7     | 7     |
| Outlays   | O      | 194   | 366   | 284   | 250   | 255   | 260   | 266   |
| State and private forestry (gross)                            | BA     | 208   | 417   | 240   | 251   | 255   | 261   | 267   |
|   | O      | 194   | 366   | 284   | 250   | 255   | 260   | 266   |
| Total, offsetting collections (cash)                          |        | -2    -4    -2    -7    -7    -7    -7        |       |       |       |       |       |       |
| Total State and private forestry (net)                        | BA     | 206   | 413   | 238   | 244   | 248   | 254   | 260   |
|   | O      | 192   | 362   | 282   | 243   | 248   | 253   | 259   |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |                 |                 |                 |                 |
|---|--------|----------------|----------|-------|-----------------|-----------------|-----------------|-----------------|
|   |        |                | 2001     | 2002  | 2003            | 2004            | 2005            | 2006            |
| Management of national forest lands for subsistence uses:     |        |                |          |       |                 |                 |                 |                 |
| Appropriation, discretionary                                  | 302 BA |                | 6        | 5     | 5               | 5               | 5               | 5               |
| Outlays   | O      | 3              | 6        | 5     | 5               | 5               | 5               | 5               |
| Wildland fire management:                                     |        |                |          |       |                 |                 |                 |                 |
| Appropriation, discretionary                                  | 302 BA | 954            | 1,762    | 1,280 | 1,309           | 1,338           | 1,368           | 1,398           |
| Spending authority from offsetting collections, discretionary | BA     | 240            | 39       | 26    | 39              | 39              | 39              | 39              |
| Outlays   | O      | 1,419          | 1,850    | 1,354 | 1,345           | 1,374           | 1,404           | 1,434           |
| Wildland fire management (gross)                              | BA     | 1,194          | 1,801    | 1,306 | 1,348           | 1,377           | 1,407           | 1,437           |
|   | O      | 1,419          | 1,850    | 1,354 | 1,345           | 1,374           | 1,404           | 1,434           |
| Total, offsetting collections (cash)                          |        | -240           | -39      | -26   | -39             | -39             | -39             | -39             |
| Total Wildland fire management (net)                          | BA     | 954            | 1,762    | 1,280 | 1,309           | 1,338           | 1,368           | 1,398           |
|   | O      | 1,179          | 1,811    | 1,328 | 1,306           | 1,335           | 1,365           | 1,395           |
| Southeast Alaska economic disaster fund:                      |        |                |          |       |                 |                 |                 |                 |
| Appropriation, discretionary                                  | 451 BA | 22             | 5        |       |                 |                 |                 |                 |
| Outlays   | O      | 10             | 9        | 7     | 1               |                 |                 |                 |
| Range betterment fund:  |        |                |          |       |                 |                 |                 |                 |
| Appropriation, discretionary                                  | 302 BA | 3              | 3        | 3     | 3               | 3               | 3               | 3               |
| Outlays   | O      | 3              | 3        | 3     | 3               | 4               | 4               | 4               |
| Land acquisition accounts                                     |        |                |          |       |                 |                 |                 |                 |
| (Conservation and land management):                           |        |                |          |       |                 |                 |                 |                 |
| (Appropriation, discretionary)                                | 302 BA | 1              | 1        | 1     | 1               | 1               | 1               | 1               |
| (Outlays)   | O      | 1              | 1        | 1     | 1               | 1               | 1               | 1               |
| (Recreational resources):                                     |        |                |          |       |                 |                 |                 |                 |
| (Appropriation, discretionary)                                | 303 BA | 156            | 151      | 131   | 134             | 131             | 131             | 131             |
| (Outlays)   | O      | 223            | 141      | 172   | 158             | 137             | 131             | 131             |
| Total Land acquisition accounts                               | BA     | 157            | 152      | 132   | 135             | 132             | 132             | 132             |
|   | O      | 224            | 142      | 173   | 159             | 138             | 132             | 132             |
| Forest Service permanent appropriations                       |        |                |          |       |                 |                 |                 |                 |
| (Conservation and land management):                           |        |                |          |       |                 |                 |                 |                 |
| (Appropriation, mandatory)                                    | 302 BA | 106            | 203      | 186   | 182             | 183             | 183             | 183             |
| (Outlays)   | O      | 137            | 195      | 190   | 183             | 182             | 183             | 183             |
| (Recreational resources):                                     |        |                |          |       |                 |                 |                 |                 |
| (Appropriation, mandatory)                                    | 303 BA | 29             | 26       |       | <sup>B</sup> 38 | <sup>B</sup> 40 | <sup>B</sup> 42 | <sup>B</sup> 44 |
| (Outlays)   | O      | 21             | 29       | 5     | <sup>B</sup> 13 | <sup>B</sup> 27 | <sup>B</sup> 40 | <sup>B</sup> 42 |
| Total (Recreational resources)                                | BA     | 29             | 26       |       | 38              | 40              | 42              | 44              |
|   | O      | 21             | 29       | 5     | 13              | 27              | 40              | 42              |
| (General purpose fiscal assistance):                          |        |                |          |       |                 |                 |                 |                 |
| (Appropriation, mandatory)                                    | 806 BA | 213            | 227      | 393   | 398             | 404             | 409             | 414             |
| (Outlays)   | O      | 213            | 227      | 393   | 398             | 404             | 409             | 414             |
| Total Forest Service permanent appropriations                 | BA     | 348            | 456      | 579   | 618             | 627             | 634             | 641             |
|   | O      | 371            | 451      | 588   | 594             | 613             | 632             | 639             |
| <b>Intragovernmental Funds:</b>                               |        |                |          |       |                 |                 |                 |                 |
| Working capital fund:   |        |                |          |       |                 |                 |                 |                 |
| Spending authority from offsetting collections, mandatory     | 302 BA | 134            | 134      | 134   | 134             | 134             | 134             | 134             |
| Outlays   | O      | 134            | 134      | 134   | 134             | 134             | 134             | 134             |
| Working capital fund (gross)                                  | BA     | 134            | 134      | 134   | 134             | 134             | 134             | 134             |
|   | O      | 134            | 134      | 134   | 134             | 134             | 134             | 134             |
| Total, offsetting collections (cash)                          |        | -134           | -134     | -134  | -134            | -134            | -134            | -134            |
| Total Working capital fund (net)                              | BA     |                |          |       |                 |                 |                 |                 |
|   | O      |                |          |       |                 |                 |                 |                 |
| <i>Trust funds</i>  |        |                |          |       |                 |                 |                 |                 |
| Forest Service trust funds:                                   |        |                |          |       |                 |                 |                 |                 |
| Appropriation, mandatory                                      | 302 BA | 170            | 190      | 186   | 200             | 200             | 200             | 200             |

**DEPARTMENT OF AGRICULTURE—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate      |               |               |               |               |               |
|--|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |          |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Outlays .....                              | O        | 154            | 186           | 202           | 197           | 200           | 200           | 200           |
| Total Federal funds Forest Service .....   | BA       | <b>3,558</b>   | <b>4,855</b>  | <b>4,310</b>  | <b>4,433</b>  | <b>4,519</b>  | <b>4,610</b>  | <b>4,704</b>  |
|  | O        | 3,827          | 4,836         | 4,530         | 4,479         | 4,500         | 4,596         | 4,687         |
| Total Trust funds Forest Service .....     | BA       | <b>170</b>     | <b>190</b>    | <b>186</b>    | <b>200</b>    | <b>200</b>    | <b>200</b>    | <b>200</b>    |
|  | O        | 154            | 186           | 202           | 197           | 200           | 200           | 200           |
| <b>Summary</b>                             |          |                |               |               |               |               |               |               |
| Federal funds:                             |          |                |               |               |               |               |               |               |
| (As shown in detail above) .....           | BA       | <b>76,489</b>  | <b>73,846</b> | <b>61,056</b> | <b>62,044</b> | <b>63,726</b> | <b>65,834</b> | <b>68,040</b> |
|  | O        | 76,434         | 70,879        | 63,704        | 61,887        | 62,391        | 64,223        | 66,345        |
| Deductions for offsetting receipts:        |          |                |               |               |               |               |               |               |
| Intrafund transactions .....               | 352 BA/O | -6             | -8            | -9            |               |               |               |               |
|  | 605 BA/O | -1             | -1            | -1            | -1            | -1            | -1            | -1            |
| Proprietary receipts from the public ..... | 271 BA/O | -2             | -309          | -8            | -8            | -8            | -8            | -8            |
|  | 302 BA/O | -305           | -451          | -441          | -432          | -430          | -428          | -428          |
|  | 303 BA/O | -33            | -30           | -3            | -3            | -3            | -3            | -3            |
|  |          |                |               |               | <i>B</i> -38  | <i>B</i> -40  | <i>B</i> -42  | <i>B</i> -44  |
|  | 351 BA/O | -420           | -270          |               |               |               |               |               |
|  | 371 BA/O | -14            |               |               |               |               |               |               |
|  | 452 BA/O | -4             | -152          |               |               |               |               |               |
| Total Federal funds .....                  | BA       | <b>75,719</b>  | <b>72,611</b> | <b>60,594</b> | <b>61,562</b> | <b>63,244</b> | <b>65,352</b> | <b>67,556</b> |
|  | O        | 75,664         | 69,644        | 63,242        | 61,405        | 61,909        | 63,741        | 65,861        |
| Trust funds:                               |          |                |               |               |               |               |               |               |
| (As shown in detail above) .....           | BA       | <b>331</b>     | <b>389</b>    | <b>344</b>    | <b>359</b>    | <b>359</b>    | <b>359</b>    | <b>359</b>    |
|  | O        | 299            | 314           | 324           | 319           | 320           | 320           | 320           |
| Deductions for offsetting receipts:        |          |                |               |               |               |               |               |               |
| Proprietary receipts from the public ..... | 302 BA/O | -140           | -159          | -155          | -153          | -151          | -151          | -151          |
|  | 352 BA/O | -160           | -197          | -158          | -158          | -158          | -158          | -158          |
| Total Trust funds .....                    | BA       | <b>31</b>      | <b>33</b>     | <b>31</b>     | <b>48</b>     | <b>50</b>     | <b>50</b>     | <b>50</b>     |
|  | O        | -1             | -42           | 11            | 8             | 11            | 11            | 11            |
| Interfund transactions .....               | 302 BA/O |                | -1            | -1            | -1            | -1            | -1            |               |
|  | 352 BA/O |                | -2            | -2            | -2            | -2            |               |               |
| Total Department of Agriculture .....      | BA       | <b>75,750</b>  | <b>72,641</b> | <b>60,622</b> | <b>61,607</b> | <b>63,291</b> | <b>65,401</b> | <b>67,606</b> |
|  | O        | 75,663         | 69,599        | 63,250        | 61,410        | 61,917        | 63,751        | 65,872        |

**DEPARTMENT OF COMMERCE**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| <b>Departmental Management</b>                                      |        |                |            |            |            |            |            |            |
| <i>Federal funds</i>  |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>                                   |        |                |            |            |            |            |            |            |
| Salaries and expenses:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA | <b>35</b>      | <b>36</b>  | <b>38</b>  | <b>39</b>  | <b>40</b>  | <b>41</b>  | <b>42</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>67</b>      | <b>226</b> | <b>226</b> | <b>226</b> | <b>226</b> | <b>226</b> | <b>226</b> |
| Outlays .....   | O      | 88             | 272        | 265        | 265        | 266        | 267        | 268        |
| Salaries and expenses (gross) .....                                 | BA     | <b>102</b>     | <b>262</b> | <b>264</b> | <b>265</b> | <b>266</b> | <b>267</b> | <b>268</b> |
|   | O      | 88             | 272        | 265        | 265        | 266        | 267        | 268        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-4</b>      |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....                          |        | -63            | -226       | -226       | -226       | -226       | -226       | -226       |
| Total Salaries and expenses (net) .....                             | BA     | <b>35</b>      | <b>36</b>  | <b>38</b>  | <b>39</b>  | <b>40</b>  | <b>41</b>  | <b>42</b>  |
|   | O      | 25             | 46         | 39         | 39         | 40         | 41         | 42         |
| Office of the Inspector General:                                    |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA | <b>20</b>      | <b>20</b>  | <b>21</b>  | <b>21</b>  | <b>22</b>  | <b>22</b>  | <b>23</b>  |
| Outlays .....   | O      | 21             | 21         | 20         | 22         | 22         | 23         | 23         |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |      |      |      |      |
|--|--------|----------------|----------|-------|------|------|------|------|
|  |        |                | 2001     | 2002  | 2003 | 2004 | 2005 | 2006 |
| <b>Intragovernmental Funds:</b>                              |        |                |          |       |      |      |      |      |
| Working capital fund:  |        |                |          |       |      |      |      |      |
| Spending authority from offsetting collections, mandatory    | 376 BA | 105            | 123      | 125   | 125  | 125  | 125  | 125  |
| Outlays  | O      | 107            | 134      | 125   | 125  | 125  | 125  | 125  |
| Working capital fund (gross)                                 | BA     | 105            | 123      | 125   | 125  | 125  | 125  | 125  |
|  | O      | 107            | 134      | 125   | 125  | 125  | 125  | 125  |
| Change in uncollected customer payments from Federal sources | BA     | 19             |          |       |      |      |      |      |
| Total, offsetting collections (cash)                         |        | -124           | -123     | -125  | -125 | -125 | -125 | -125 |
| Total Working capital fund (net)                             | BA     |                |          |       |      |      |      |      |
|  | O      | -17            | 11       |       |      |      |      |      |
| Franchise fund:  |        |                |          |       |      |      |      |      |
| Spending authority from offsetting collections, mandatory    | 376 BA | 16             | 23       | 23    | 23   | 23   | 23   | 23   |
| Outlays  | O      | 12             | 24       | 23    | 23   | 23   | 23   | 23   |
| Franchise fund (gross)                                       | BA     | 16             | 23       | 23    | 23   | 23   | 23   | 23   |
|  | O      | 12             | 24       | 23    | 23   | 23   | 23   | 23   |
| Total, offsetting collections (cash)                         |        | -16            | -23      | -23   | -23  | -23  | -23  | -23  |
| Total Franchise fund (net)                                   | BA     |                |          |       |      |      |      |      |
|  | O      | -4             | 1        |       |      |      |      |      |
| <b>Credit Accounts:</b>                                      |        |                |          |       |      |      |      |      |
| Emergency oil and gas guaranteed loan program account:       |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                 | 376 BA |                |          | -115  |      |      |      |      |
| Outlays  | O      | 1              | 3        |       |      |      |      |      |
| Limitation on loan guarantee commitments                     |        | (500)          | (500)    | (495) |      |      |      |      |
| Emergency steel guaranteed loan program account:             |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                 | 376 BA |                |          | -10   |      |      |      |      |
| Outlays  | O      | 1              | 68       |       |      |      |      |      |
| Limitation on loan guarantee commitments                     |        | (1,000)        | (1,000)  | (484) |      |      |      |      |
| <i>Trust funds</i>   |        |                |          |       |      |      |      |      |
| Gifts and bequests:  |        |                |          |       |      |      |      |      |
| Appropriation, mandatory                                     | 376 BA | 1              | 1        | 1     | 1    | 1    | 1    | 1    |
| Outlays  | O      | 1              | 1        | 1     | 1    | 1    | 1    | 1    |
| Total Federal funds Departmental Management                  | BA     | 55             | 56       | -66   | 60   | 62   | 63   | 65   |
|  | O      | 27             | 150      | 59    | 61   | 62   | 64   | 65   |
| Total Trust funds Departmental Management                    | BA     | 1              | 1        | 1     | 1    | 1    | 1    | 1    |
|  | O      | 1              | 1        | 1     | 1    | 1    | 1    | 1    |

**Economic Development Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary                                  | 452 BA | 27  | 28  | 31  | 32  | 32  | 33  | 34  |
| Spending authority from offsetting collections, discretionary | BA     | 3   | 2   | 1   | 1   | 1   | 1   | 1   |
| Outlays   | O      | 30  | 30  | 32  | 33  | 33  | 34  | 34  |
| Salaries and expenses (gross)                                 | BA     | 30  | 30  | 32  | 33  | 33  | 34  | 35  |
|   | O      | 30  | 30  | 32  | 33  | 33  | 34  | 34  |
| Total, offsetting collections (cash)                          |        | -3  | -2  | -1  | -1  | -1  | -1  | -1  |
| Total Salaries and expenses (net)                             | BA     | 27  | 28  | 31  | 32  | 32  | 33  | 34  |
|   | O      | 27  | 28  | 31  | 32  | 32  | 33  | 33  |
| Economic development assistance programs:                     |        |     |     |     |     |     |     |     |
| Appropriation, discretionary                                  | 452 BA | 424 | 421 | 335 | 342 | 350 | 358 | 366 |
| Spending authority from offsetting collections, discretionary | BA     | 18  | 27  | 18  | 18  | 18  | 18  | 18  |
| Outlays   | O      | 374 | 459 | 446 | 422 | 395 | 375 | 367 |
| Economic development assistance programs (gross)              | BA     | 442 | 448 | 353 | 360 | 368 | 376 | 384 |
|   | O      | 374 | 459 | 446 | 422 | 395 | 375 | 367 |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            | 2006       |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       |            |
| Total, offsetting collections (cash) .....                                |        | -18            | -27        | -18        | -18        | -18        | -18        | -18        |
| Total Economic development assistance programs (net) .....                | BA     | <b>424</b>     | <b>421</b> | <b>335</b> | <b>342</b> | <b>350</b> | <b>358</b> | <b>366</b> |
|   | O      | 356            | 432        | 428        | 404        | 377        | 357        | 349        |
| <b>Credit Accounts:</b>   |        |                |            |            |            |            |            |            |
| Economic development revolving fund liquidating account:                  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory .....           | 452 BA | <b>9</b>       | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
| Outlays .....   | O      | 4              | 5          | 5          | 5          | 5          | 5          | 5          |
| Economic development revolving fund liquidating account (gross) .....     | BA     | <b>9</b>       | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   | <b>5</b>   |
|   | O      | 4              | 5          | 5          | 5          | 5          | 5          | 5          |
| Total, offsetting collections (cash) .....                                |        | -9             | -5         | -5         | -5         | -5         | -5         | -5         |
| Total Economic development revolving fund liquidating account (net) ..... | BA     |                |            |            |            |            |            |            |
|   | O      | -5             |            |            |            |            |            |            |
| Total Federal funds Economic Development Administration .....             | BA     | <b>451</b>     | <b>449</b> | <b>366</b> | <b>374</b> | <b>382</b> | <b>391</b> | <b>400</b> |
|   | O      | 378            | 460        | 459        | 436        | 409        | 390        | 382        |

**Bureau of the Census**

*Federal funds*

**General and Special Funds:**

|   |        |              |            |            |            |            |            |            |
|---|--------|--------------|------------|------------|------------|------------|------------|------------|
| Salaries and expenses:  |        |              |            |            |            |            |            |            |
| Appropriation, discretionary .....                              | 376 BA | <b>140</b>   | <b>157</b> | <b>169</b> | <b>173</b> | <b>177</b> | <b>181</b> | <b>185</b> |
| Appropriation, mandatory .....                                  | BA     | <b>20</b>    | <b>20</b>  | <b>20</b>  | <b>20</b>  | <b>20</b>  | <b>20</b>  | <b>20</b>  |
| Outlays .....   | O      | 145          | 144        | 174        | 191        | 196        | 200        | 204        |
| Total Salaries and expenses .....                               | BA     | <b>160</b>   | <b>177</b> | <b>189</b> | <b>193</b> | <b>197</b> | <b>201</b> | <b>205</b> |
|   | O      | 145          | 144        | 174        | 191        | 196        | 200        | 204        |
| Periodic censuses and programs:                                 |        |              |            |            |            |            |            |            |
| Appropriation, discretionary .....                              | 376 BA | <b>4,609</b> | <b>271</b> | <b>375</b> | <b>709</b> | <b>529</b> | <b>537</b> | <b>563</b> |
| Outlays .....   | O      | 3,988        | 1,173      | 435        | 639        | 567        | 535        | 558        |
| <b>Intragovernmental Funds:</b>                                 |        |              |            |            |            |            |            |            |
| Census working capital fund:                                    |        |              |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory ..... | 376 BA | <b>171</b>   | <b>191</b> | <b>191</b> | <b>188</b> | <b>188</b> | <b>188</b> | <b>188</b> |
| Outlays .....   | O      | 130          | 191        | 191        | 188        | 188        | 188        | 188        |
| Census working capital fund (gross) .....                       | BA     | <b>171</b>   | <b>191</b> | <b>191</b> | <b>188</b> | <b>188</b> | <b>188</b> | <b>188</b> |
|   | O      | 130          | 191        | 191        | 188        | 188        | 188        | 188        |
| Total, offsetting collections (cash) .....                      |        | -171         | -191       | -191       | -188       | -188       | -188       | -188       |
| Total Census working capital fund (net) .....                   | BA     |              |            |            |            |            |            |            |
|   | O      | -41          |            |            |            |            |            |            |
| Total Federal funds Bureau of the Census .....                  | BA     | <b>4,769</b> | <b>448</b> | <b>564</b> | <b>902</b> | <b>726</b> | <b>738</b> | <b>768</b> |
|   | O      | 4,092        | 1,317      | 609        | 830        | 763        | 735        | 762        |

**Economic and Statistical Analysis**

*Federal funds*

**General and Special Funds:**

|   |        |           |           |           |           |           |           |           |
|---|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Salaries and expenses:  |        |           |           |           |           |           |           |           |
| Appropriation, discretionary .....                                  | 376 BA | <b>49</b> | <b>54</b> | <b>63</b> | <b>64</b> | <b>66</b> | <b>67</b> | <b>69</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>2</b>  |
| Outlays .....   | O      | 53        | 55        | 63        | 66        | 68        | 69        | 70        |
| Salaries and expenses (gross) .....                                 | BA     | <b>51</b> | <b>56</b> | <b>65</b> | <b>66</b> | <b>68</b> | <b>69</b> | <b>71</b> |
|   | O      | 53        | 55        | 63        | 66        | 68        | 69        | 70        |
| Total, offsetting collections (cash) .....                          |        | -2        | -2        | -2        | -2        | -2        | -2        | -2        |
| Total Salaries and expenses (net) .....                             | BA     | <b>49</b> | <b>54</b> | <b>63</b> | <b>64</b> | <b>66</b> | <b>67</b> | <b>69</b> |
|   | O      | 51        | 53        | 61        | 64        | 66        | 67        | 68        |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Public Enterprise Funds:</b>                                    |        |                |          |      |      |      |      |      |
| Economics and statistics administration revolving fund:            |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary      | 376 BA | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays  | O      | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Economics and statistics administration revolving fund (gross)     | BA     | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
|  | O      | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Total, offsetting collections (cash)                               |        | -3             | -3       | -3   | -3   | -3   | -3   | -3   |
| Total Economics and statistics administration revolving fund (net) | BA     |                |          |      |      |      |      |      |
|  | O      |                |          |      |      |      |      |      |
| Total Federal funds Economic and Statistical Analysis              | BA     | 49             | 54       | 63   | 64   | 66   | 67   | 69   |
|  | O      | 51             | 53       | 61   | 64   | 66   | 67   | 68   |

**Promotion of Industry and Commerce**

*International Trade Administration*  
Federal funds

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                             |        |     |     |     |     |     |     |     |
| Operations and administration:                                |        |     |     |     |     |     |     |     |
| Appropriation, discretionary                                  | 376 BA | 320 | 333 | 330 | 337 | 345 | 353 | 360 |
| Spending authority from offsetting collections, discretionary | BA     | 10  | 31  | 31  | 31  | 31  | 31  | 31  |
| Outlays   | O      | 350 | 336 | 352 | 368 | 372 | 381 | 388 |
| Operations and administration (gross)                         | BA     | 330 | 364 | 361 | 368 | 376 | 384 | 391 |
|   | O      | 350 | 336 | 352 | 368 | 372 | 381 | 388 |
| Change in uncollected customer payments from Federal sources  | BA     | 4   |     |     |     |     |     |     |
| Total, offsetting collections (cash)                          |        | -14 | -31 | -31 | -31 | -31 | -31 | -31 |
| Total Operations and administration (net)                     | BA     | 320 | 333 | 330 | 337 | 345 | 353 | 360 |
|   | O      | 336 | 305 | 321 | 337 | 341 | 350 | 357 |

*Export Administration*  
Federal funds

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>                               |        |    |    |    |    |    |    |    |
| Operations and administration                                   |        |    |    |    |    |    |    |    |
| (Defense-related activities):                                   |        |    |    |    |    |    |    |    |
| (Appropriation, discretionary)                                  | 054 BA | 2  | 7  | 7  | 7  | 7  | 7  | 8  |
| (Outlays)   | O      | 2  | 6  | 7  | 7  | 7  | 7  | 7  |
| (Other advancement of commerce):                                |        |    |    |    |    |    |    |    |
| (Appropriation, discretionary)                                  | 376 BA | 52 | 58 | 62 | 63 | 65 | 66 | 68 |
| (Spending authority from offsetting collections, discretionary) | BA     | 5  | 6  | 5  | 5  | 5  | 5  | 5  |
| (Outlays)   | O      | 59 | 67 | 67 | 68 | 69 | 71 | 73 |
| Operations and administration (gross)                           | BA     | 59 | 71 | 74 | 75 | 77 | 78 | 81 |
|   | O      | 61 | 73 | 74 | 75 | 76 | 78 | 80 |
| Total, offsetting collections (cash)                            |        | -5 | -6 | -5 | -5 | -5 | -5 | -5 |
| Total (Other advancement of commerce) (net)                     | BA     | 52 | 58 | 62 | 63 | 65 | 66 | 68 |
|   | O      | 54 | 61 | 62 | 63 | 64 | 66 | 68 |
| Total Operations and administration                             | BA     | 54 | 65 | 69 | 70 | 72 | 73 | 76 |
|   | O      | 56 | 67 | 69 | 70 | 71 | 73 | 75 |
| Total Federal funds Export Administration                       | BA     | 54 | 65 | 69 | 70 | 72 | 73 | 76 |
|   | O      | 56 | 67 | 69 | 70 | 71 | 73 | 75 |

*Minority Business Development Agency*  
Federal funds

|                                   |        |    |    |    |    |    |    |    |
|-----------------------------------|--------|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b> |        |    |    |    |    |    |    |    |
| Minority business development:    |        |    |    |    |    |    |    |    |
| Appropriation, discretionary      | 376 BA | 27 | 27 | 28 | 29 | 29 | 30 | 31 |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O  | 31             | 23         | 27         | 28         | 29         | 30         | 30         |
| Total Federal funds Promotion of Industry and Commerce ..... | BA | <b>401</b>     | <b>425</b> | <b>427</b> | <b>436</b> | <b>446</b> | <b>456</b> | <b>467</b> |
|  | O  | 423            | 395        | 417        | 435        | 441        | 453        | 462        |

**Science and Technology**

*National Oceanic and Atmospheric Administration*

*Federal funds*

**General and Special Funds:**

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operations, research, and facilities:  |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 306 BA | 1,799        | 2,180        | 2,249        | 2,299        | 2,351        | 2,402        | 2,456        |
| Appropriation, mandatory .....   | BA     | 14           | 15           | 15           | 15           | 15           | 15           | 15           |
| Spending authority from offsetting collections, discretionary .....                            | BA     | 289          | 254          | 212          | 212          | 212          | 208          | 208          |
| Outlays .....  | O      | 2,080        | 2,161        | 2,368        | 2,438        | 2,522        | 2,598        | 2,647        |
| Operations, research, and facilities (gross) .....   | BA     | <b>2,102</b> | <b>2,449</b> | <b>2,476</b> | <b>2,526</b> | <b>2,578</b> | <b>2,625</b> | <b>2,679</b> |
|  | O      | 2,080        | 2,161        | 2,368        | 2,438        | 2,522        | 2,598        | 2,647        |
| Change in uncollected customer payments from Federal sources .....                             | BA     | -13          |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....   |        | -276         | -254         | -212         | -212         | -212         | -212         | -212         |
| Total Operations, research, and facilities (net) .....   | BA     | <b>1,813</b> | <b>2,195</b> | <b>2,264</b> | <b>2,314</b> | <b>2,366</b> | <b>2,413</b> | <b>2,467</b> |
|  | O      | 1,804        | 1,907        | 2,156        | 2,226        | 2,310        | 2,386        | 2,435        |
| Procurement, acquisition and construction:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 306 BA | 593          | 750          | 765          | 782          | 799          | 818          | 835          |
| Outlays .....  | O      | 521          | 488          | 648          | 736          | 770          | 801          | 817          |
| Pacific coastal salmon recovery:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 306 BA | 58           | 110          | 110          | 112          | 115          | 117          | 120          |
| Outlays .....  | O      | 1            | 167          | 110          | 112          | 115          | 117          | 120          |
| Coastal impact assistance:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 302 BA |              | 150          |              |              |              |              |              |
| Outlays .....  | O      |              | 75           | 60           | 15           |              |              |              |
| Promote and develop fishery products and research pertaining to American fisheries:            |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 376 BA | -69          | -68          | -68          | -70          | -71          | -73          | -74          |
| Appropriation, mandatory .....   | BA     | 70           | 73           | 73           | 73           | 73           | 73           | 73           |
| Outlays .....  | O      | 3            | 6            | 5            | 5            | 5            | 5            | 5            |
| Total Promote and develop fishery products and research pertaining to American fisheries ..... | BA     | 1            | 5            | 5            | 3            | 2            |              | -1           |
|  | O      | 3            | 6            | 5            | 5            | 5            | 5            | 5            |
| Fishermen's contingency fund:  |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 376 BA |              | 1            | 1            | 1            | 1            | 1            | 1            |
| Outlays .....  | O      |              | 2            | 1            | 1            | 1            | 1            | 1            |
| Environmental improvement and restoration fund:  |        |              |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 302 BA |              | 2            | 10           | 11           | 11           | 12           | 12           |
| Outlays .....  | O      |              | 2            | 10           | 11           | 11           | 12           | 12           |
| <b>Public Enterprise Funds:</b>  |        |              |              |              |              |              |              |              |
| Coastal zone management fund:  |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 306 BA |              |              | -3           | -3           | -3           | -3           | -3           |
| Spending authority from offsetting collections, discretionary .....                            | BA     | 4            | 3            | 3            | 3            | 3            | 3            | 3            |
| Outlays .....  | O      | 5            | 4            |              |              |              |              |              |
| Coastal zone management fund (gross) .....   | BA     | 4            | 3            |              |              |              |              |              |
|  | O      | 5            | 4            |              |              |              |              |              |
| Total, offsetting collections (cash) .....   |        | -5           | -3           | -3           | -3           | -3           | -3           | -3           |
| Total Coastal zone management fund (net) .....   | BA     | -1           |              | -3           | -3           | -3           | -3           | -3           |
|  | O      |              | 1            | -3           | -3           | -3           | -3           | -3           |
| Damage assessment and restoration revolving fund:  |        |              |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                                | 306 BA | 6            | 2            | 2            | 2            | 2            | 2            | 2            |
| Outlays .....  | O      | 3            | 30           | 4            | 2            | 2            | 2            | 2            |
| Damage assessment and restoration revolving fund (gross) .....                                 | BA     | 6            | 2            | 2            | 2            | 2            | 2            | 2            |
|  | O      | 3            | 30           | 4            | 2            | 2            | 2            | 2            |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Total, offsetting collections (cash) .....  |        | -6             | -2       | -2    | -2    | -2    | -2    | -2    |
| Total Damage assessment and restoration revolving fund (net) .....                | BA     |                |          |       |       |       |       |       |
|   | O      | -3             | 28       | 2     |       |       |       |       |
| <b>Credit Accounts:</b>   |        |                |          |       |       |       |       |       |
| Fisheries finance program account:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 376 BA | 1              | 2        |       |       |       |       |       |
| Reappropriation, discretionary .....  | BA     | 1              |          |       |       |       |       |       |
| Outlays .....   | O      | 3              | 6        |       |       |       |       |       |
| Limitation on direct loan activity .....  |        | (28)           | (74)     | (24)  | (25)  | (25)  | (26)  | (26)  |
| Total Fisheries finance program account .....                                     | BA     | 1              | 3        |       |       |       |       |       |
|   | O      | 3              | 6        |       |       |       |       |       |
| Federal ship financing fund fishing vessels liquidating account:                  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 376 BA | 1              | 2        |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....                   | BA     | 15             | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....   | O      | 1              | 6        | 4     | 4     | 4     | 4     | 4     |
| Federal ship financing fund fishing vessels liquidating account (gross) .....     | BA     | 16             | 6        | 4     | 4     | 4     | 4     | 4     |
|   | O      | 1              | 6        | 4     | 4     | 4     | 4     | 4     |
| Total, offsetting collections (cash) .....  |        | -15            | -4       | -4    | -4    | -4    | -4    | -4    |
| Total Federal ship financing fund fishing vessels liquidating account (net) ..... | BA     | 1              | 2        |       |       |       |       |       |
|   | O      | -14            | 2        |       |       |       |       |       |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| North pacific marine research institute fund:                                     |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 306 BA | 5              |          |       |       |       |       |       |
| Outlays .....   | O      |                | 5        |       |       |       |       |       |
| Total Federal funds National Oceanic and Atmospheric Administration .....         | BA     | 2,466          | 3,218    | 3,152 | 3,220 | 3,291 | 3,358 | 3,431 |
|   | O      | 2,315          | 2,684    | 2,989 | 3,103 | 3,209 | 3,319 | 3,387 |
| Total Trust funds National Oceanic and Atmospheric Administration .....           | BA     | 5              |          |       |       |       |       |       |
|   | O      |                | 5        |       |       |       |       |       |

*U.S. Patent and Trademark Office*

*Federal funds*

**General and Special Funds:**

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Salaries and expenses:  |        |        |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | 376 BA | 886    | 1,039  | 1,139  | 1,276  | 1,429  | 1,600  | 1,792  |
| Outlays .....   | O      | 872    | 922    | 1,148  | 1,249  | 1,382  | 1,547  | 1,732  |
| Salaries and expenses (gross) .....                                 | BA     | 886    | 1,039  | 1,139  | 1,276  | 1,429  | 1,600  | 1,792  |
|   | O      | 872    | 922    | 1,148  | 1,249  | 1,382  | 1,547  | 1,732  |
| Total, offsetting collections (cash) .....                          |        | -1,006 | -1,152 | -1,346 | -1,457 | -1,606 | -1,767 | -1,978 |
| Total Salaries and expenses (net) .....                             | BA     | -120   | -113   | -207   | -181   | -177   | -167   | -186   |
|   | O      | -134   | -230   | -198   | -208   | -224   | -220   | -246   |

*Technology Administration*

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |   |   |   |   |
|---|--------|----|----|----|---|---|---|---|
| Salaries and expenses:  |        |    |    |    |   |   |   |   |
| Appropriation, discretionary .....                                  | 376 BA | 8  | 8  | 8  | 8 | 8 | 9 | 9 |
| Spending authority from offsetting collections, discretionary ..... | BA     |    | 1  | 1  |   |   |   |   |
| Outlays .....   | O      | 11 | 18 | 8  | 9 | 9 | 9 | 9 |
| Salaries and expenses (gross) .....                                 | BA     | 8  | 9  | 9  | 8 | 8 | 9 | 9 |
|   | O      | 11 | 18 | 8  | 9 | 9 | 9 | 9 |
| Total, offsetting collections (cash) .....                          |        |    | -1 | -1 |   |   |   |   |
| Total Salaries and expenses (net) .....                             | BA     | 8  | 8  | 8  | 8 | 8 | 9 | 9 |
|   | O      | 11 | 17 | 7  | 9 | 9 | 9 | 9 |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account   |     | 2000<br>actual | estimate |      |      |      |      |      |     |
|---|-----|----------------|----------|------|------|------|------|------|-----|
|   |     |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |     |
| <i>National Technical Information Service</i>                 |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>Public Enterprise Funds:</b>                               |     |                |          |      |      |      |      |      |     |
| NTIS revolving fund:  |     |                |          |      |      |      |      |      |     |
| Spending authority from offsetting collections, discretionary | 376 | BA             | 41       | 40   | 41   | 41   | 41   | 41   | 41  |
| Outlays   |     | O              | 36       | 66   | 41   | 41   | 41   | 41   | 41  |
| NTIS revolving fund (gross)                                   |     | BA             | 41       | 40   | 41   | 41   | 41   | 41   | 41  |
|   |     | O              | 36       | 66   | 41   | 41   | 41   | 41   | 41  |
| Total, offsetting collections (cash)                          |     |                | -41      | -40  | -41  | -41  | -41  | -41  | -41 |
| Total NTIS revolving fund (net)                               |     | BA             |          |      |      |      |      |      |     |
|   |     | O              | -5       | 26   |      |      |      |      |     |

*National Institute of Standards and Technology*

*Federal funds*

|  |     |    |      |      |      |      |      |      |      |
|--|-----|----|------|------|------|------|------|------|------|
| <b>General and Special Funds:</b>                                  |     |    |      |      |      |      |      |      |      |
| Scientific and technical research and services:                    |     |    |      |      |      |      |      |      |      |
| Appropriation, discretionary                                       | 376 | BA | 282  | 312  | 347  | 355  | 363  | 371  | 379  |
| Outlays  |     | O  | 281  | 314  | 340  | 352  | 360  | 368  | 377  |
| Industrial technology services:                                    |     |    |      |      |      |      |      |      |      |
| Appropriation, discretionary                                       | 376 | BA | 246  | 250  | 119  | 121  | 125  | 127  | 130  |
| Spending authority from offsetting collections, discretionary      |     | BA | 1    |      |      |      |      |      |      |
| Outlays  |     | O  | 328  | 262  | 300  | 221  | 132  | 129  | 126  |
| Industrial technology services (gross)                             |     | BA | 247  | 250  | 119  | 121  | 125  | 127  | 130  |
|  |     | O  | 328  | 262  | 300  | 221  | 132  | 129  | 126  |
| Total, offsetting collections (cash)                               |     |    | -1   |      |      |      |      |      |      |
| Total Industrial technology services (net)                         |     | BA | 246  | 250  | 119  | 121  | 125  | 127  | 130  |
|  |     | O  | 327  | 262  | 300  | 221  | 132  | 129  | 126  |
| Construction of research facilities:                               |     |    |      |      |      |      |      |      |      |
| Appropriation, discretionary                                       | 376 | BA | 106  | 35   | 21   | 21   | 22   | 22   | 23   |
| Outlays  |     | O  | 21   | 74   | 68   | 61   | 49   | 34   | 25   |
| <b>Intragovernmental Funds:</b>                                    |     |    |      |      |      |      |      |      |      |
| Working capital fund:  |     |    |      |      |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary      | 376 | BA | 159  | 142  | 143  | 143  | 143  | 143  | 143  |
| Outlays  |     | O  | 131  | 123  | 143  | 143  | 143  | 143  | 143  |
| Working capital fund (gross)                                       |     | BA | 159  | 142  | 143  | 143  | 143  | 143  | 143  |
|  |     | O  | 131  | 123  | 143  | 143  | 143  | 143  | 143  |
| Change in uncollected customer payments from Federal sources       |     | BA | -19  |      |      |      |      |      |      |
| Total, offsetting collections (cash)                               |     |    | -140 | -142 | -143 | -143 | -143 | -143 | -143 |
| Total Working capital fund (net)                                   |     | BA |      |      |      |      |      |      |      |
|  |     | O  | -9   | -19  |      |      |      |      |      |
| Total Federal funds National Institute of Standards and Technology |     | BA | 634  | 597  | 487  | 497  | 510  | 520  | 532  |
|  |     | O  | 620  | 631  | 708  | 634  | 541  | 531  | 528  |

*National Telecommunications and Information Administration*

*Federal funds*

|   |     |    |    |    |    |    |    |    |    |
|---|-----|----|----|----|----|----|----|----|----|
| <b>General and Special Funds:</b>                             |     |    |    |    |    |    |    |    |    |
| Salaries and expenses:  |     |    |    |    |    |    |    |    |    |
| Appropriation, discretionary                                  | 376 | BA | 11 | 11 | 14 | 14 | 14 | 15 | 15 |
| Spending authority from offsetting collections, discretionary |     | BA | 21 | 21 | 22 | 22 | 22 | 22 | 22 |
| Outlays   |     | O  | 30 | 37 | 36 | 36 | 37 | 37 | 37 |
| Salaries and expenses (gross)                                 |     | BA | 32 | 32 | 36 | 36 | 36 | 37 | 37 |
|   |     | O  | 30 | 37 | 36 | 36 | 37 | 37 | 37 |

**DEPARTMENT OF COMMERCE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Total, offsetting collections (cash) .....   |        | -21            | -21      | -22   | -22   | -22   | -22   | -22   |
| Total Salaries and expenses (net) .....  | BA     | 11             | 11       | 14    | 14    | 14    | 15    | 15    |
|  | O      | 9              | 16       | 14    | 14    | 15    | 15    | 15    |
| Public telecommunications facilities, planning and construction:                     |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 503 BA | 26             | 43       | 43    | 44    | 45    | 46    | 47    |
| Outlays .....  | O      | 21             | 32       | 39    | 41    | 43    | 45    | 46    |
| Information infrastructure grants:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 503 BA | 16             | 46       | 16    | 16    | 17    | 17    | 17    |
| Outlays .....  | O      | 19             | 29       | 35    | 27    | 22    | 16    | 17    |
| Total Federal funds National Telecommunications and Information Administration ..... | BA     | 53             | 100      | 73    | 74    | 76    | 78    | 79    |
|  | O      | 49             | 77       | 88    | 82    | 80    | 76    | 78    |
| Total Federal funds Science and Technology .....                                     | BA     | 3,041          | 3,810    | 3,513 | 3,618 | 3,708 | 3,798 | 3,865 |
|  | O      | 2,856          | 3,205    | 3,594 | 3,620 | 3,615 | 3,715 | 3,756 |
| Total Trust funds Science and Technology .....                                       | BA     | 5              |          |       |       |       |       |       |
|  | O      |                | 5        |       |       |       |       |       |

**Summary**

|  |          |       |       |       |       |       |       |       |
|--|----------|-------|-------|-------|-------|-------|-------|-------|
| Federal funds:                             |          |       |       |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 8,766 | 5,242 | 4,867 | 5,454 | 5,390 | 5,513 | 5,634 |
|  | O        | 7,827 | 5,580 | 5,199 | 5,446 | 5,356 | 5,424 | 5,495 |
| Deductions for offsetting receipts:        |          |       |       |       |       |       |       |       |
| Intrafund transactions .....               | 908 BA/O | -2    | -2    | -10   | -11   | -11   | -12   | -12   |
| Proprietary receipts from the public ..... | 306 BA/O | -19   | -8    | -8    | -8    | -8    | -8    | -8    |
|  | 376 BA/O |       | -27   |       |       |       |       |       |
| Total Federal funds .....                  | BA       | 8,745 | 5,205 | 4,849 | 5,435 | 5,371 | 5,493 | 5,614 |
|  | O        | 7,806 | 5,543 | 5,181 | 5,427 | 5,337 | 5,404 | 5,475 |
| Trust funds:                               |          |       |       |       |       |       |       |       |
| (As shown in detail above) .....           | BA       | 6     | 1     | 1     | 1     | 1     | 1     | 1     |
|  | O        | 1     | 6     | 1     | 1     | 1     | 1     | 1     |
| Total Department of Commerce .....         | BA       | 8,751 | 5,206 | 4,850 | 5,436 | 5,372 | 5,494 | 5,615 |
|  | O        | 7,807 | 5,549 | 5,182 | 5,428 | 5,338 | 5,405 | 5,476 |

**DEPARTMENT OF DEFENSE—MILITARY**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |       |      |      |      |
|--|--------|----------------|----------|--------|-------|------|------|------|
|  |        |                | 2001     | 2002   | 2003  | 2004 | 2005 | 2006 |
| <b>Military Personnel</b>  |        |                |          |        |       |      |      |      |
| <i>Federal funds</i>   |        |                |          |        |       |      |      |      |
| <b>General and Special Funds:</b>                                      |        |                |          |        |       |      |      |      |
| Military personnel, Army:  |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 21,219         | 22,062   | 23,469 |       |      |      |      |
| Appropriation, mandatory .....   | BA     |                |          | 5      | 5     | 5    | 5    | 5    |
| Advance appropriation, discretionary .....                             | BA     | 560            |          |        |       |      |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 213            | 153      | 249    |       |      |      |      |
| Outlays .....  | O      | 22,589         | 21,225   | 23,626 | 1,548 | 177  | 60   | 28   |
| Military personnel, Army (gross) .....                                 | BA     | 21,992         | 22,215   | 23,723 | 5     | 5    | 5    | 5    |
|  | O      | 22,589         | 21,225   | 23,626 | 1,548 | 177  | 60   | 28   |
| Change in uncollected customer payments from Federal sources .....     | BA     | -136           |          |        |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -18            |          |        |       |      |      |      |
| Total, offsetting collections (cash) .....                             |        | -59            | -153     | -249   |       |      |      |      |
| Total Military personnel, Army (net) .....                             | BA     | 21,779         | 22,062   | 23,474 | 5     | 5    | 5    | 5    |
|  | O      | 22,530         | 21,072   | 23,377 | 1,548 | 177  | 60   | 28   |
| Military personnel, Navy:  |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 16,857         | 17,682   | 18,805 |       |      |      |      |
| Appropriation, mandatory .....   | BA     |                |          | 6      | 6     | 6    | 6    | 6    |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |           | 2000<br>actual | estimate      |               |           |           |           |           |
|--|-----------|----------------|---------------|---------------|-----------|-----------|-----------|-----------|
|  |           |                | 2001          | 2002          | 2003      | 2004      | 2005      | 2006      |
| Advance appropriation, discretionary .....                             | BA        | 437            |               |               |           |           |           |           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 247            | 231           | 231           |           |           |           |           |
| Outlays .....  | O         | 18,275         | 17,004        | 18,708        | 872       | 257       | 98        | 79        |
| <b>Military personnel, Navy (gross) .....</b>                          | <b>BA</b> | <b>17,541</b>  | <b>17,913</b> | <b>19,042</b> | <b>6</b>  | <b>6</b>  | <b>6</b>  | <b>6</b>  |
|  | O         | 18,275         | 17,004        | 18,708        | 872       | 257       | 98        | 79        |
| Change in uncollected customer payments from Federal sources .....     | BA        | -34            |               |               |           |           |           |           |
| Total, offsetting collections (cash) .....                             |           | -213           | -231          | -231          |           |           |           |           |
| <b>Total Military personnel, Navy (net) .....</b>                      | <b>BA</b> | <b>17,294</b>  | <b>17,682</b> | <b>18,811</b> | <b>6</b>  | <b>6</b>  | <b>6</b>  | <b>6</b>  |
|  | O         | 18,062         | 16,773        | 18,477        | 872       | 257       | 98        | 79        |
| <b>Military personnel, Marine Corps:</b>                               |           |                |               |               |           |           |           |           |
| Appropriation, discretionary .....                                     | 051 BA    | 6,376          | 6,803         | 7,247         |           |           |           |           |
| Appropriation, mandatory .....   | BA        |                |               | 1             | 1         | 1         | 1         | 1         |
| Advance appropriation, discretionary .....                             | BA        | 178            |               |               |           |           |           |           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 29             | 30            | 32            |           |           |           |           |
| Outlays .....  | O         | 6,695          | 6,670         | 7,161         | 252       | 67        | 30        | 8         |
| <b>Military personnel, Marine Corps (gross) .....</b>                  | <b>BA</b> | <b>6,583</b>   | <b>6,833</b>  | <b>7,280</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
|  | O         | 6,695          | 6,670         | 7,161         | 252       | 67        | 30        | 8         |
| Change in uncollected customer payments from Federal sources .....     | BA        | 12             |               |               |           |           |           |           |
| Adjustment to uncollected customer payments from Federal sources ..... | BA        | -3             |               |               |           |           |           |           |
| Total, offsetting collections (cash) .....                             |           | -38            | -30           | -32           |           |           |           |           |
| <b>Total Military personnel, Marine Corps (net) .....</b>              | <b>BA</b> | <b>6,554</b>   | <b>6,803</b>  | <b>7,248</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  | <b>1</b>  |
|  | O         | 6,657          | 6,640         | 7,129         | 252       | 67        | 30        | 8         |
| <b>Military personnel, Air Force:</b>                                  |           |                |               |               |           |           |           |           |
| Appropriation, discretionary .....                                     | 051 BA    | 17,266         | 18,023        | 19,184        |           |           |           |           |
| Appropriation, mandatory .....   | BA        |                |               | 12            | 12        | 12        | 12        | 12        |
| Advance appropriation, discretionary .....                             | BA        | 472            |               |               |           |           |           |           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 248            | 190           | 190           |           |           |           |           |
| Outlays .....  | O         | 18,504         | 17,280        | 19,238        | 1,280     | 259       | 31        | 12        |
| <b>Military personnel, Air Force (gross) .....</b>                     | <b>BA</b> | <b>17,986</b>  | <b>18,213</b> | <b>19,386</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>12</b> |
|  | O         | 18,504         | 17,280        | 19,238        | 1,280     | 259       | 31        | 12        |
| Change in uncollected customer payments from Federal sources .....     | BA        | -30            |               |               |           |           |           |           |
| Total, offsetting collections (cash) .....                             |           | -218           | -190          | -190          |           |           |           |           |
| <b>Total Military personnel, Air Force (net) .....</b>                 | <b>BA</b> | <b>17,738</b>  | <b>18,023</b> | <b>19,196</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>12</b> |
|  | O         | 18,286         | 17,090        | 19,048        | 1,280     | 259       | 31        | 12        |
| <b>Reserve personnel, Army:</b>  |           |                |               |               |           |           |           |           |
| Appropriation, discretionary .....                                     | 051 BA    | 2,277          | 2,458         | 2,615         |           |           |           |           |
| Advance appropriation, discretionary .....                             | BA        | 41             |               |               |           |           |           |           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 18             | 23            | 25            |           |           |           |           |
| Outlays .....  | O         | 2,384          | 2,336         | 2,570         | 194       | 21        | 5         | 3         |
| <b>Reserve personnel, Army (gross) .....</b>                           | <b>BA</b> | <b>2,336</b>   | <b>2,481</b>  | <b>2,640</b>  |           |           |           |           |
|  | O         | 2,384          | 2,336         | 2,570         | 194       | 21        | 5         | 3         |
| Change in uncollected customer payments from Federal sources .....     | BA        | -5             |               |               |           |           |           |           |
| Adjustment to uncollected customer payments from Federal sources ..... | BA        | -1             |               |               |           |           |           |           |
| Total, offsetting collections (cash) .....                             |           | -12            | -23           | -25           |           |           |           |           |
| <b>Total Reserve personnel, Army (net) .....</b>                       | <b>BA</b> | <b>2,318</b>   | <b>2,458</b>  | <b>2,615</b>  |           |           |           |           |
|  | O         | 2,372          | 2,313         | 2,545         | 194       | 21        | 5         | 3         |
| <b>Reserve personnel, Navy:</b>  |           |                |               |               |           |           |           |           |
| Appropriation, discretionary .....                                     | 051 BA    | 1,456          | 1,576         | 1,673         |           |           |           |           |
| Advance appropriation, discretionary .....                             | BA        | 30             |               |               |           |           |           |           |
| Spending authority from offsetting collections, discretionary .....    | BA        | 20             | 27            | 28            |           |           |           |           |
| Outlays .....  | O         | 1,336          | 1,615         | 1,643         | 116       | 19        | 3         | 2         |
| <b>Reserve personnel, Navy (gross) .....</b>                           | <b>BA</b> | <b>1,506</b>   | <b>1,603</b>  | <b>1,701</b>  |           |           |           |           |
|  | O         | 1,336          | 1,615         | 1,643         | 116       | 19        | 3         | 2         |
| Adjustment to uncollected customer payments from Federal sources ..... | BA        | -2             |               |               |           |           |           |           |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |       |      |      |      |
|--|--------|----------------|---------------|---------------|-------|------|------|------|
|  |        |                | 2001          | 2002          | 2003  | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash)                             |        | -18            | -27           | -28           |       |      |      |      |
| Total Reserve personnel, Navy (net)                              | BA     | <b>1,486</b>   | <b>1,576</b>  | <b>1,673</b>  |       |      |      |      |
|  | O      | 1,318          | 1,588         | 1,615         | 116   | 19   | 3    | 2    |
| Reserve personnel, Marine Corps:                                 |        |                |               |               |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 408            | 449           | 477           |       |      |      |      |
| Advance appropriation, discretionary                             | BA     | 8              |               |               |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     |                | 3             | 4             |       |      |      |      |
| Outlays  | O      | 418            | 439           | 474           | 38    | 5    | 1    |      |
| Reserve personnel, Marine Corps (gross)                          | BA     | <b>416</b>     | <b>452</b>    | <b>481</b>    |       |      |      |      |
|  | O      | 418            | 439           | 474           | 38    | 5    | 1    |      |
| Total, offsetting collections (cash)                             |        |                | -3            | -4            |       |      |      |      |
| Total Reserve personnel, Marine Corps (net)                      | BA     | <b>416</b>     | <b>449</b>    | <b>477</b>    |       |      |      |      |
|  | O      | 418            | 436           | 470           | 38    | 5    | 1    |      |
| Reserve personnel, Air Force:                                    |        |                |               |               |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 879            | 971           | 1,033         |       |      |      |      |
| Advance appropriation, discretionary                             | BA     | 13             |               |               |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 1              | 3             | 6             |       |      |      |      |
| Outlays  | O      | 879            | 961           | 1,019         | 62    | 8    | 3    |      |
| Reserve personnel, Air Force (gross)                             | BA     | <b>893</b>     | <b>974</b>    | <b>1,039</b>  |       |      |      |      |
|  | O      | 879            | 961           | 1,019         | 62    | 8    | 3    |      |
| Total, offsetting collections (cash)                             |        | -1             | -3            | -6            |       |      |      |      |
| Total Reserve personnel, Air Force (net)                         | BA     | <b>892</b>     | <b>971</b>    | <b>1,033</b>  |       |      |      |      |
|  | O      | 878            | 958           | 1,013         | 62    | 8    | 3    |      |
| National Guard personnel, Army:                                  |        |                |               |               |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 3,704          | 3,770         | 4,016         |       |      |      |      |
| Advance appropriation, discretionary                             | BA     | 70             |               |               |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 8              | 9             | 12            |       |      |      |      |
| Outlays  | O      | 3,807          | 3,649         | 3,954         | 308   | 37   | 12   |      |
| National Guard personnel, Army (gross)                           | BA     | <b>3,782</b>   | <b>3,779</b>  | <b>4,028</b>  |       |      |      |      |
|  | O      | 3,807          | 3,649         | 3,954         | 308   | 37   | 12   |      |
| Change in uncollected customer payments from Federal sources     | BA     | -6             |               |               |       |      |      |      |
| Total, offsetting collections (cash)                             |        | -2             | -9            | -12           |       |      |      |      |
| Total National Guard personnel, Army (net)                       | BA     | <b>3,774</b>   | <b>3,770</b>  | <b>4,016</b>  |       |      |      |      |
|  | O      | 3,805          | 3,640         | 3,942         | 308   | 37   | 12   |      |
| National Guard personnel, Air Force:                             |        |                |               |               |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 1,557          | 1,641         | 1,747         |       |      |      |      |
| Advance appropriation, discretionary                             | BA     | 30             |               |               |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 22             | 22            | 22            |       |      |      |      |
| Outlays  | O      | 1,633          | 1,601         | 1,740         | 71    | 12   | 3    |      |
| National Guard personnel, Air Force (gross)                      | BA     | <b>1,609</b>   | <b>1,663</b>  | <b>1,769</b>  |       |      |      |      |
|  | O      | 1,633          | 1,601         | 1,740         | 71    | 12   | 3    |      |
| Change in uncollected customer payments from Federal sources     | BA     | -15            |               |               |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources | BA     | 2              |               |               |       |      |      |      |
| Total, offsetting collections (cash)                             |        | -9             | -22           | -22           |       |      |      |      |
| Total National Guard personnel, Air Force (net)                  | BA     | <b>1,587</b>   | <b>1,641</b>  | <b>1,747</b>  |       |      |      |      |
|  | O      | 1,624          | 1,579         | 1,718         | 71    | 12   | 3    |      |
| Total Federal funds Military Personnel                           | BA     | <b>73,838</b>  | <b>75,435</b> | <b>80,290</b> | 24    | 24   | 24   | 24   |
|  | O      | 75,950         | 72,089        | 79,334        | 4,741 | 862  | 246  | 132  |

**Operation and Maintenance**

*Federal funds*

**General and Special Funds:**

Operation and maintenance, Army:

|                              |        |               |               |               |  |  |  |  |
|------------------------------|--------|---------------|---------------|---------------|--|--|--|--|
| Appropriation, discretionary | 051 BA | <b>21,843</b> | <b>18,694</b> | <b>19,446</b> |  |  |  |  |
|------------------------------|--------|---------------|---------------|---------------|--|--|--|--|

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |       |       |      |      |
|--|--------|----------------|---------------|---------------|-------|-------|------|------|
|  |        |                | 2001          | 2002          | 2003  | 2004  | 2005 | 2006 |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>6,438</b>   | <b>6,204</b>  | <b>6,318</b>  |       |       |      |      |
| Outlays .....  | O      | 27,616         | 26,515        | 25,487        | 5,740 | 1,481 | 675  | 288  |
| Operation and maintenance, Army (gross) .....                          | BA     | <b>28,281</b>  | <b>24,898</b> | <b>25,764</b> |       |       |      |      |
|  | O      | 27,616         | 26,515        | 25,487        | 5,740 | 1,481 | 675  | 288  |
| Change in uncollected customer payments from Federal sources .....     | BA     | -151           |               |               |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -92            |               |               |       |       |      |      |
| Total, offsetting collections (cash) .....                             |        | -6,145         | -6,154        | -6,318        |       |       |      |      |
| Total Operation and maintenance, Army (net) .....                      | BA     | <b>21,893</b>  | <b>18,744</b> | <b>19,446</b> |       |       |      |      |
|  | O      | 21,471         | 20,361        | 19,169        | 5,740 | 1,481 | 675  | 288  |
| Operation and maintenance, Navy:                                       |        |                |               |               |       |       |      |      |
| Appropriation, discretionary .....                                     | 051 BA | <b>23,684</b>  | <b>23,181</b> | <b>24,049</b> |       |       |      |      |
| Advance appropriation, discretionary .....                             | BA     | 10             |               |               |       |       |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>3,396</b>   | <b>3,962</b>  | <b>4,433</b>  |       |       |      |      |
| Outlays .....  | O      | 28,627         | 26,739        | 28,280        | 4,864 | 1,222 | 628  | 380  |
| Operation and maintenance, Navy (gross) .....                          | BA     | <b>27,090</b>  | <b>27,143</b> | <b>28,482</b> |       |       |      |      |
|  | O      | 28,627         | 26,739        | 28,280        | 4,864 | 1,222 | 628  | 380  |
| Change in uncollected customer payments from Federal sources .....     | BA     | 1,203          |               |               |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -161           |               |               |       |       |      |      |
| Total, offsetting collections (cash) .....                             |        | -4,388         | -3,912        | -4,433        |       |       |      |      |
| Total Operation and maintenance, Navy (net) .....                      | BA     | <b>23,744</b>  | <b>23,231</b> | <b>24,049</b> |       |       |      |      |
|  | O      | 24,239         | 22,827        | 23,847        | 4,864 | 1,222 | 628  | 380  |
| Operation and maintenance, Marine Corps:                               |        |                |               |               |       |       |      |      |
| Appropriation, discretionary .....                                     | 051 BA | <b>2,826</b>   | <b>2,764</b>  | <b>2,856</b>  |       |       |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 466            | 412           | 412           |       |       |      |      |
| Outlays .....  | O      | 3,223          | 3,217         | 3,177         | 952   | 207   | 36   | 17   |
| Operation and maintenance, Marine Corps (gross) .....                  | BA     | <b>3,292</b>   | <b>3,176</b>  | <b>3,268</b>  |       |       |      |      |
|  | O      | 3,223          | 3,217         | 3,177         | 952   | 207   | 36   | 17   |
| Change in uncollected customer payments from Federal sources .....     | BA     | 24             |               |               |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -4             |               |               |       |       |      |      |
| Total, offsetting collections (cash) .....                             |        | -486           | -412          | -412          |       |       |      |      |
| Total Operation and maintenance, Marine Corps (net) .....              | BA     | <b>2,826</b>   | <b>2,764</b>  | <b>2,856</b>  |       |       |      |      |
|  | O      | 2,737          | 2,805         | 2,765         | 952   | 207   | 36   | 17   |
| Operation and maintenance, Air Force:                                  |        |                |               |               |       |       |      |      |
| Appropriation, discretionary .....                                     | 051 BA | <b>22,118</b>  | <b>21,781</b> | <b>22,536</b> |       |       |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 2,702          | 2,348         | 2,261         |       |       |      |      |
| Outlays .....  | O      | 24,868         | 24,864        | 24,572        | 5,420 | 1,110 | 402  | 111  |
| Operation and maintenance, Air Force (gross) .....                     | BA     | <b>24,820</b>  | <b>24,129</b> | <b>24,797</b> |       |       |      |      |
|  | O      | 24,868         | 24,864        | 24,572        | 5,420 | 1,110 | 402  | 111  |
| Change in uncollected customer payments from Federal sources .....     | BA     | 192            |               |               |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 8              |               |               |       |       |      |      |
| Total, offsetting collections (cash) .....                             |        | -2,852         | -2,297        | -2,261        |       |       |      |      |
| Total Operation and maintenance, Air Force (net) .....                 | BA     | <b>22,168</b>  | <b>21,832</b> | <b>22,536</b> |       |       |      |      |
|  | O      | 22,016         | 22,567        | 22,311        | 5,420 | 1,110 | 402  | 111  |
| Operation and maintenance, Defense-wide:                               |        |                |               |               |       |       |      |      |
| Appropriation, discretionary .....                                     | 051 BA | <b>11,768</b>  | <b>12,039</b> | <b>12,464</b> |       |       |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 610            | 735           | 729           |       |       |      |      |
| Outlays .....  | O      | 12,183         | 12,692        | 12,917        | 3,143 | 689   | 295  | 98   |
| Operation and maintenance, Defense-wide (gross) .....                  | BA     | <b>12,378</b>  | <b>12,774</b> | <b>13,193</b> |       |       |      |      |
|  | O      | 12,183         | 12,692        | 12,917        | 3,143 | 689   | 295  | 98   |
| Change in uncollected customer payments from Federal sources .....     | BA     | -22            |               |               |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -126           |               |               |       |       |      |      |
| Total, offsetting collections (cash) .....                             |        | -462           | -735          | -729          |       |       |      |      |
| Total Operation and maintenance, Defense-wide (net) .....              | BA     | <b>11,768</b>  | <b>12,039</b> | <b>12,464</b> |       |       |      |      |
|  | O      | 11,721         | 11,957        | 12,188        | 3,143 | 689   | 295  | 98   |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |      |      |      |      |
|--|--------|----------------|----------|-------|------|------|------|------|
|  |        |                | 2001     | 2002  | 2003 | 2004 | 2005 | 2006 |
| Office of the Inspector General:                                 |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 137            | 147      | 154   |      |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     |                | 1        | 1     |      |      |      |      |
| Outlays  | O      | 138            | 143      | 153   | 17   | 3    | 1    | 1    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Office of the Inspector General (gross)                          | BA     | 137            | 148      | 155   |      |      |      |      |
|  | O      | 138            | 143      | 153   | 17   | 3    | 1    | 1    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total, offsetting collections (cash)                             |        |                | -1       | -1    |      |      |      |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total Office of the Inspector General (net)                      | BA     | 137            | 147      | 154   |      |      |      |      |
|  | O      | 138            | 142      | 152   | 17   | 3    | 1    | 1    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Army Reserve:                         |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 1,487          | 1,559    | 1,638 |      |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 49             | 72       | 72    |      |      |      |      |
| Outlays  | O      | 1,380          | 1,640    | 1,669 | 437  | 59   | 16   | 6    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Army Reserve (gross)                  | BA     | 1,536          | 1,631    | 1,710 |      |      |      |      |
|  | O      | 1,380          | 1,640    | 1,669 | 437  | 59   | 16   | 6    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Change in uncollected customer payments from Federal sources     | BA     | 16             |          |       |      |      |      |      |
| Total, offsetting collections (cash)                             |        | -65            | -72      | -72   |      |      |      |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total Operation and maintenance, Army Reserve (net)              | BA     | 1,487          | 1,559    | 1,638 |      |      |      |      |
|  | O      | 1,315          | 1,568    | 1,597 | 437  | 59   | 16   | 6    |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Navy Reserve:                         |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 975            | 945      | 970   |      |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 40             | 20       | 36    |      |      |      |      |
| Outlays  | O      | 988            | 935      | 968   | 286  | 48   | 25   | 12   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Navy Reserve (gross)                  | BA     | 1,015          | 965      | 1,006 |      |      |      |      |
|  | O      | 988            | 935      | 968   | 286  | 48   | 25   | 12   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Change in uncollected customer payments from Federal sources     | BA     | 15             |          |       |      |      |      |      |
| Adjustment to uncollected customer payments from Federal sources | BA     | -1             |          |       |      |      |      |      |
| Total, offsetting collections (cash)                             |        | -54            | -20      | -36   |      |      |      |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total Operation and maintenance, Navy Reserve (net)              | BA     | 975            | 945      | 970   |      |      |      |      |
|  | O      | 934            | 915      | 932   | 286  | 48   | 25   | 12   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Marine Corps Reserve:                 |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 144            | 145      | 148   |      |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 9              | 2        | 2     |      |      |      |      |
| Outlays  | O      | 142            | 143      | 149   | 55   | 18   | 3    |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Marine Corps Reserve (gross)          | BA     | 153            | 147      | 150   |      |      |      |      |
|  | O      | 142            | 143      | 149   | 55   | 18   | 3    |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Change in uncollected customer payments from Federal sources     | BA     | -5             |          |       |      |      |      |      |
| Adjustment to uncollected customer payments from Federal sources | BA     | 2              |          |       |      |      |      |      |
| Total, offsetting collections (cash)                             |        | -6             | -2       | -2    |      |      |      |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total Operation and maintenance, Marine Corps Reserve (net)      | BA     | 144            | 145      | 148   |      |      |      |      |
|  | O      | 136            | 141      | 147   | 55   | 18   | 3    |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Air Force Reserve:                    |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 1,789          | 1,856    | 1,948 |      |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 59             | 51       | 51    |      |      |      |      |
| Outlays  | O      | 1,786          | 1,925    | 1,947 | 347  | 59   | 25   | 10   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Air Force Reserve (gross)             | BA     | 1,848          | 1,907    | 1,999 |      |      |      |      |
|  | O      | 1,786          | 1,925    | 1,947 | 347  | 59   | 25   | 10   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Change in uncollected customer payments from Federal sources     | BA     | -3             |          |       |      |      |      |      |
| Adjustment to uncollected customer payments from Federal sources | BA     | 4              |          |       |      |      |      |      |
| Total, offsetting collections (cash)                             |        | -60            | -51      | -51   |      |      |      |      |
| <hr/>  |        |                |          |       |      |      |      |      |
| Total Operation and maintenance, Air Force Reserve (net)         | BA     | 1,789          | 1,856    | 1,948 |      |      |      |      |
|  | O      | 1,726          | 1,874    | 1,896 | 347  | 59   | 25   | 10   |
| <hr/>  |        |                |          |       |      |      |      |      |
| Operation and maintenance, Army National Guard:                  |        |                |          |       |      |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 3,182          | 3,316    | 3,405 |      |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |       |      |      |      |
|--|--------|----------------|----------|--------|-------|------|------|------|
|  |        |                | 2001     | 2002   | 2003  | 2004 | 2005 | 2006 |
| Spending authority from offsetting collections, discretionary .....    | BA     | 104            | 154      | 157    |       |      |      |      |
| Outlays .....  | O      | 3,016          | 3,483    | 3,481  | 838   | 134  | 34   | 10   |
| Operation and maintenance, Army National Guard (gross) .....           | BA     | 3,286          | 3,470    | 3,562  |       |      |      |      |
|  | O      | 3,016          | 3,483    | 3,481  | 838   | 134  | 34   | 10   |
| Change in uncollected customer payments from Federal sources .....     | BA     | 6              |          |        |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -2             |          |        |       |      |      |      |
| Total, offsetting collections (cash) .....                             |        | -108           | -154     | -157   |       |      |      |      |
| Total Operation and maintenance, Army National Guard (net) .....       | BA     | 3,182          | 3,316    | 3,405  |       |      |      |      |
|  | O      | 2,908          | 3,329    | 3,324  | 838   | 134  | 34   | 10   |
| Operation and maintenance, Air National Guard:                         |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 3,298          | 3,381    | 3,472  |       |      |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 275            | 205      | 246    |       |      |      |      |
| Outlays .....  | O      | 3,553          | 3,462    | 3,644  | 608   | 62   | 19   | 10   |
| Operation and maintenance, Air National Guard (gross) .....            | BA     | 3,573          | 3,586    | 3,718  |       |      |      |      |
|  | O      | 3,553          | 3,462    | 3,644  | 608   | 62   | 19   | 10   |
| Change in uncollected customer payments from Federal sources .....     | BA     | -22            |          |        |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 2              |          |        |       |      |      |      |
| Total, offsetting collections (cash) .....                             |        | -255           | -205     | -246   |       |      |      |      |
| Total Operation and maintenance, Air National Guard (net) .....        | BA     | 3,298          | 3,381    | 3,472  |       |      |      |      |
|  | O      | 3,298          | 3,257    | 3,398  | 608   | 62   | 19   | 10   |
| Quality of life enhancements:  |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 298            | 161      | 164    |       |      |      |      |
| Outlays .....  | O      | 388            | 347      | 219    | 171   | 63   | 27   | 10   |
| Pentagon renovation transfer fund:                                     |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 222            |          |        |       |      |      |      |
| Outlays .....  | O      | 222            |          |        |       |      |      |      |
| Depot level maintenance and repair transfer fund:                      |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | -400           |          |        |       |      |      |      |
| Overseas contingency operations transfer account:                      |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 1,482          | 2,932    | 2,993  |       |      |      |      |
| Outlays .....  | O      |                | 3,586    | 2,862  | 708   | 140  | 58   | 33   |
| OPLAN 34A-35 P.O.W. payments:  |        |                |          |        |       |      |      |      |
| Outlays .....  | 051 O  | 11             | 2        | 2      | 2     |      |      |      |
| Spares, repairs, and associated logistical support transfer fund:      |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | -550           |          |        |       |      |      |      |
| United States Courts of Appeals for the Armed Forces:                  |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 8              | 9        | 9      |       |      |      |      |
| Outlays .....  | O      | 7              | 9        | 10     | 2     | 1    |      |      |
| Drug interdiction and counter-drug activities:                         |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 114            | 867      | 885    |       |      |      |      |
| Outlays .....  | O      |                | 389      | 700    | 492   | 154  | 75   | 41   |
| Support for international sporting competitions:                       |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 8              |          |        |       |      |      |      |
| Reappropriation, discretionary .....                                   | BA     | 1              |          |        |       |      |      |      |
| Outlays .....  | O      |                |          | 8      | 6     | 4    | 3    | 2    |
| Total Support for international sporting competitions .....            | BA     | 9              |          |        |       |      |      |      |
|  | O      |                |          | 8      | 6     | 4    | 3    | 2    |
| Foreign currency fluctuations:   |        |                |          |        |       |      |      |      |
| Reappropriation, discretionary .....                                   | 051 BA | 364            |          |        |       |      |      |      |
| Defense health program:  |        |                |          |        |       |      |      |      |
| Appropriation, discretionary .....                                     | 051 BA | 12,540         | 12,073   | 16,314 |       |      |      |      |
| Spending authority from offsetting collections, discretionary .....    | BA     | 838            | 800      | 800    |       |      |      |      |
| Outlays .....  | O      | 13,931         | 13,556   | 16,745 | 3,641 | 539  | 214  | 139  |
| Defense health program (gross) .....                                   | BA     | 13,378         | 12,873   | 17,114 |       |      |      |      |
|  | O      | 13,931         | 13,556   | 16,745 | 3,641 | 539  | 214  | 139  |
| Change in uncollected customer payments from Federal sources .....     | BA     | 1,821          |          |        |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -135           |          |        |       |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate       |                |            |            |            |            |
|---|--------|----------------|----------------|----------------|------------|------------|------------|------------|
|   |        |                | 2001           | 2002           | 2003       | 2004       | 2005       | 2006       |
| Total, offsetting collections (cash) .....                    |        | -2,524         | -800           | -800           |            |            |            |            |
| Total Defense health program (net) .....                      | BA     | <b>12,540</b>  | <b>12,073</b>  | <b>16,314</b>  |            |            |            |            |
|   | O      | 11,407         | 12,756         | 15,945         | 3,641      | 539        | 214        | 139        |
| The Department of Defense environmental restoration accounts: |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA |                | <b>1,310</b>   | <b>1,338</b>   |            |            |            |            |
| Outlays .....   | O      |                | 288            | 884            | 890        | 373        | 120        | 65         |
| Overseas humanitarian, disaster and civic aid:                |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA | <b>56</b>      | <b>56</b>      | <b>57</b>      |            |            |            |            |
| Outlays .....   | O      | 97             | 85             | 52             | 28         | 9          | 5          | 2          |
| Former Soviet Union threat reduction account:                 |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA | <b>459</b>     | <b>442</b>     | <b>451</b>     |            |            |            |            |
| Outlays .....   | O      | 350            | 870            | 492            | 358        | 206        | 100        | 43         |
| Payment to Kaho'olawe:  |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA | <b>35</b>      | <b>60</b>      | <b>61</b>      |            |            |            |            |
| Outlays .....   | O      | 35             | 60             | 61             |            |            |            |            |
| Emergency response fund:                                      |        |                |                |                |            |            |            |            |
| Outlays .....   | 051 O  | 1              |                |                |            |            |            |            |
| Allied contributions and cooperation account:                 |        |                |                |                |            |            |            |            |
| Appropriation, mandatory .....                                | 051 BA | <b>664</b>     | <b>210</b>     | <b>210</b>     | <b>210</b> | <b>210</b> | <b>210</b> | <b>210</b> |
| Outlays .....   | O      | 593            | 210            | 210            | 210        | 210        | 210        | 210        |
| Miscellaneous special funds:                                  |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA | <b>60</b>      | <b>78</b>      | <b>80</b>      |            |            |            |            |
| Appropriation, mandatory .....                                | BA     | <b>5</b>       | <b>6</b>       | <b>6</b>       | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   |
| Outlays .....   | O      | 100            | 65             | 69             | 9          | 6          | 6          | 6          |
| Total Miscellaneous special funds .....                       | BA     | <b>65</b>      | <b>84</b>      | <b>86</b>      | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   |
|   | O      | 100            | 65             | 69             | 9          | 6          | 6          | 6          |
| Overseas military facility investment recovery:               |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA |                | <b>3</b>       | <b>3</b>       |            |            |            |            |
| Outlays .....   | O      | 20             | 1              | 2              | 2          | 1          |            |            |
| <b>Credit Accounts:</b>                                       |        |                |                |                |            |            |            |            |
| Defense export loan guarantee program account:                |        |                |                |                |            |            |            |            |
| Limitation on loan guarantee commitments .....                | 051    | (14,980)       | (14,980)       | (14,980)       | (14,980)   | (14,980)   | (14,980)   | (14,980)   |
| Defense vessel transfer program account:                      |        |                |                |                |            |            |            |            |
| Appropriation, discretionary .....                            | 051 BA |                | <b>4</b>       | <b>4</b>       |            |            |            |            |
| Outlays .....   | O      |                | 4              | 4              |            |            |            |            |
| Total Federal funds Operation and Maintenance .....           | BA     | <b>108,777</b> | <b>108,170</b> | <b>115,661</b> | <b>216</b> | <b>216</b> | <b>216</b> | <b>216</b> |
|   | O      | 105,870        | 110,415        | 113,246        | 29,226     | 6,798      | 2,977      | 1,494      |

**Procurement**

*Federal funds*

**General and Special Funds:**

Aircraft procurement, Army:

|   |        |              |              |              |       |     |    |    |
|---|--------|--------------|--------------|--------------|-------|-----|----|----|
| Appropriation, discretionary .....                                  | 051 BA | <b>1,506</b> | <b>1,550</b> | <b>1,583</b> |       |     |    |    |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>13</b>    | <b>18</b>    | <b>22</b>    |       |     |    |    |
| Outlays .....   | O      | 1,284        | 1,642        | 1,409        | 1,154 | 504 | 62 | 31 |

|  |    |              |              |              |       |     |    |    |
|--|----|--------------|--------------|--------------|-------|-----|----|----|
| Aircraft procurement, Army (gross) ..... | BA | <b>1,519</b> | <b>1,568</b> | <b>1,605</b> |       |     |    |    |
|  | O  | 1,284        | 1,642        | 1,409        | 1,154 | 504 | 62 | 31 |

|  |    |          |     |     |  |  |  |  |
|--|----|----------|-----|-----|--|--|--|--|
| Change in uncollected customer payments from Federal sources ..... | BA | <b>3</b> |     |     |  |  |  |  |
| Total, offsetting collections (cash) .....                         |    | -16      | -18 | -22 |  |  |  |  |

|  |    |              |              |              |       |     |    |    |
|--|----|--------------|--------------|--------------|-------|-----|----|----|
| Total Aircraft procurement, Army (net) ..... | BA | <b>1,506</b> | <b>1,550</b> | <b>1,583</b> |       |     |    |    |
|  | O  | 1,268        | 1,624        | 1,387        | 1,154 | 504 | 62 | 31 |

Missile procurement, Army:

|   |        |              |              |              |       |     |     |    |
|---|--------|--------------|--------------|--------------|-------|-----|-----|----|
| Appropriation, discretionary .....                                  | 051 BA | <b>1,308</b> | <b>1,303</b> | <b>1,330</b> |       |     |     |    |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>52</b>    | <b>116</b>   | <b>325</b>   |       |     |     |    |
| Outlays .....   | O      | 985          | 1,389        | 1,600        | 1,226 | 694 | 211 | 60 |

|   |    |              |              |              |       |     |     |    |
|---|----|--------------|--------------|--------------|-------|-----|-----|----|
| Missile procurement, Army (gross) ..... | BA | <b>1,360</b> | <b>1,419</b> | <b>1,655</b> |       |     |     |    |
|   | O  | 985          | 1,389        | 1,600        | 1,226 | 694 | 211 | 60 |

|  |    |          |  |  |  |  |  |  |
|--|----|----------|--|--|--|--|--|--|
| Change in uncollected customer payments from Federal sources .....     | BA | <b>8</b> |  |  |  |  |  |  |
| Adjustment to uncollected customer payments from Federal sources ..... | BA | -1       |  |  |  |  |  |  |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate     |              |       |       |       |      |
|--|--------|----------------|--------------|--------------|-------|-------|-------|------|
|  |        |                | 2001         | 2002         | 2003  | 2004  | 2005  | 2006 |
| Total, offsetting collections (cash) .....                                 |        | -59            | -116         | -325         |       |       |       |      |
| Total Missile procurement, Army (net) .....                                | BA     | <b>1,308</b>   | <b>1,303</b> | <b>1,330</b> |       |       |       |      |
|  | O      | 926            | 1,273        | 1,275        | 1,226 | 694   | 211   | 60   |
| Procurement of weapons and tracked combat vehicles, Army:                  |        |                |              |              |       |       |       |      |
| Appropriation, discretionary .....   | 051 BA | <b>1,753</b>   | <b>2,420</b> | <b>2,471</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>8</b>       | <b>61</b>    | <b>147</b>   |       |       |       |      |
| Outlays .....  | O      | 1,492          | 1,779        | 2,319        | 1,978 | 820   | 168   | 47   |
| Procurement of weapons and tracked combat vehicles, Army (gross) .....     | BA     | <b>1,761</b>   | <b>2,481</b> | <b>2,618</b> |       |       |       |      |
|  | O      | 1,492          | 1,779        | 2,319        | 1,978 | 820   | 168   | 47   |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>29</b>      |              |              |       |       |       |      |
| Adjustment to uncollected customer payments from Federal sources .....     | BA     | <b>-1</b>      |              |              |       |       |       |      |
| Total, offsetting collections (cash) .....                                 |        | -36            | -61          | -147         |       |       |       |      |
| Total Procurement of weapons and tracked combat vehicles, Army (net) ..... | BA     | <b>1,753</b>   | <b>2,420</b> | <b>2,471</b> |       |       |       |      |
|  | O      | 1,456          | 1,718        | 2,172        | 1,978 | 820   | 168   | 47   |
| Procurement of ammunition, Army:   |        |                |              |              |       |       |       |      |
| Appropriation, discretionary .....   | 051 BA | <b>1,160</b>   | <b>1,204</b> | <b>1,229</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>414</b>     | <b>400</b>   | <b>460</b>   |       |       |       |      |
| Outlays .....  | O      | 1,256          | 1,623        | 1,518        | 808   | 442   | 208   | 112  |
| Procurement of ammunition, Army (gross) .....                              | BA     | <b>1,574</b>   | <b>1,604</b> | <b>1,689</b> |       |       |       |      |
|  | O      | 1,256          | 1,623        | 1,518        | 808   | 442   | 208   | 112  |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>-249</b>    |              |              |       |       |       |      |
| Total, offsetting collections (cash) .....                                 |        | -165           | -400         | -460         |       |       |       |      |
| Total Procurement of ammunition, Army (net) .....                          | BA     | <b>1,160</b>   | <b>1,204</b> | <b>1,229</b> |       |       |       |      |
|  | O      | 1,091          | 1,223        | 1,058        | 808   | 442   | 208   | 112  |
| Other procurement, Army:   |        |                |              |              |       |       |       |      |
| Appropriation, discretionary .....   | 051 BA | <b>3,758</b>   | <b>4,408</b> | <b>4,501</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>16</b>      | <b>63</b>    | <b>59</b>    |       |       |       |      |
| Outlays .....  | O      | 3,379          | 3,862        | 4,023        | 3,172 | 1,393 | 387   | 145  |
| Other procurement, Army (gross) .....                                      | BA     | <b>3,774</b>   | <b>4,471</b> | <b>4,560</b> |       |       |       |      |
|  | O      | 3,379          | 3,862        | 4,023        | 3,172 | 1,393 | 387   | 145  |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>3</b>       |              |              |       |       |       |      |
| Adjustment to uncollected customer payments from Federal sources .....     | BA     | <b>-2</b>      |              |              |       |       |       |      |
| Total, offsetting collections (cash) .....                                 |        | -17            | -63          | -59          |       |       |       |      |
| Total Other procurement, Army (net) .....                                  | BA     | <b>3,758</b>   | <b>4,408</b> | <b>4,501</b> |       |       |       |      |
|  | O      | 3,362          | 3,799        | 3,964        | 3,172 | 1,393 | 387   | 145  |
| Aircraft procurement, Navy:  |        |                |              |              |       |       |       |      |
| Appropriation, discretionary .....   | 051 BA | <b>8,719</b>   | <b>8,368</b> | <b>8,544</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>1</b>       | <b>7</b>     | <b>7</b>     |       |       |       |      |
| Outlays .....  | O      | 7,745          | 7,421        | 8,439        | 7,036 | 4,052 | 1,305 | 377  |
| Aircraft procurement, Navy (gross) .....                                   | BA     | <b>8,720</b>   | <b>8,375</b> | <b>8,551</b> |       |       |       |      |
|  | O      | 7,745          | 7,421        | 8,439        | 7,036 | 4,052 | 1,305 | 377  |
| Total, offsetting collections (cash) .....                                 |        | -1             | -7           | -7           |       |       |       |      |
| Total Aircraft procurement, Navy (net) .....                               | BA     | <b>8,719</b>   | <b>8,368</b> | <b>8,544</b> |       |       |       |      |
|  | O      | 7,744          | 7,414        | 8,432        | 7,036 | 4,052 | 1,305 | 377  |
| Weapons procurement, Navy:   |        |                |              |              |       |       |       |      |
| Appropriation, discretionary .....   | 051 BA | <b>1,414</b>   | <b>1,442</b> | <b>1,472</b> |       |       |       |      |
| Spending authority from offsetting collections, discretionary .....        | BA     | <b>2</b>       | <b>10</b>    | <b>10</b>    |       |       |       |      |
| Outlays .....  | O      | 1,332          | 1,538        | 1,427        | 1,155 | 715   | 323   | 99   |
| Weapons procurement, Navy (gross) .....                                    | BA     | <b>1,416</b>   | <b>1,452</b> | <b>1,482</b> |       |       |       |      |
|  | O      | 1,332          | 1,538        | 1,427        | 1,155 | 715   | 323   | 99   |
| Change in uncollected customer payments from Federal sources .....         | BA     | <b>-29</b>     |              |              |       |       |       |      |
| Adjustment to uncollected customer payments from Federal sources .....     | BA     | <b>-3</b>      |              |              |       |       |       |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |       |       |       |       |
|--|--------|----------------|---------------|---------------|-------|-------|-------|-------|
|  |        |                | 2001          | 2002          | 2003  | 2004  | 2005  | 2006  |
| Total, offsetting collections (cash) .....                             |        | 30             | -10           | -10           |       |       |       |       |
| Total Weapons procurement, Navy (net) .....                            | BA     | <b>1,414</b>   | <b>1,442</b>  | <b>1,472</b>  |       |       |       |       |
|  | O      | 1,362          | 1,528         | 1,417         | 1,155 | 715   | 323   | 99    |
| Procurement of ammunition, Navy and Marine Corps:                      |        |                |               |               |       |       |       |       |
| Appropriation, discretionary .....                                     | 051 BA | <b>541</b>     | <b>492</b>    | <b>502</b>    |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>23</b>      | <b>10</b>     | <b>10</b>     |       |       |       |       |
| Outlays .....  | O      | 364            | 492           | 476           | 412   | 227   | 119   | 63    |
| Procurement of ammunition, Navy and Marine Corps (gross) .....         | BA     | <b>564</b>     | <b>502</b>    | <b>512</b>    |       |       |       |       |
|  | O      | 364            | 492           | 476           | 412   | 227   | 119   | 63    |
| Change in uncollected customer payments from Federal sources .....     | BA     | -7             |               |               |       |       |       |       |
| Total, offsetting collections (cash) .....                             |        | -16            | -10           | -10           |       |       |       |       |
| Total Procurement of ammunition, Navy and Marine Corps (net) .....     | BA     | <b>541</b>     | <b>492</b>    | <b>502</b>    |       |       |       |       |
|  | O      | 348            | 482           | 466           | 412   | 227   | 119   | 63    |
| Shipbuilding and conversion, Navy:                                     |        |                |               |               |       |       |       |       |
| Appropriation, discretionary .....                                     | 051 BA | <b>6,916</b>   | <b>11,499</b> | <b>7,817</b>  |       |       |       |       |
| Outlays .....  | O      | 6,864          | 6,703         | 7,785         | 6,544 | 5,282 | 3,949 | 2,877 |
| Shipbuilding and conversion, Navy (gross) .....                        | BA     | <b>6,916</b>   | <b>11,499</b> | <b>7,817</b>  |       |       |       |       |
|  | O      | 6,864          | 6,703         | 7,785         | 6,544 | 5,282 | 3,949 | 2,877 |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>185</b>     |               |               |       |       |       |       |
| Total, offsetting collections (cash) .....                             |        | -185           |               |               |       |       |       |       |
| Total Shipbuilding and conversion, Navy (net) .....                    | BA     | <b>6,916</b>   | <b>11,499</b> | <b>7,817</b>  |       |       |       |       |
|  | O      | 6,679          | 6,703         | 7,785         | 6,544 | 5,282 | 3,949 | 2,877 |
| Other procurement, Navy:   |        |                |               |               |       |       |       |       |
| Appropriation, discretionary .....                                     | 051 BA | <b>4,257</b>   | <b>3,469</b>  | <b>3,542</b>  |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>82</b>      | <b>42</b>     | <b>42</b>     |       |       |       |       |
| Outlays .....  | O      | 4,046          | 3,773         | 3,701         | 2,275 | 934   | 364   | 171   |
| Other procurement, Navy (gross) .....                                  | BA     | <b>4,339</b>   | <b>3,511</b>  | <b>3,584</b>  |       |       |       |       |
|  | O      | 4,046          | 3,773         | 3,701         | 2,275 | 934   | 364   | 171   |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>24</b>      |               |               |       |       |       |       |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | <b>-8</b>      |               |               |       |       |       |       |
| Total, offsetting collections (cash) .....                             |        | -98            | -42           | -42           |       |       |       |       |
| Total Other procurement, Navy (net) .....                              | BA     | <b>4,257</b>   | <b>3,469</b>  | <b>3,542</b>  |       |       |       |       |
|  | O      | 3,948          | 3,731         | 3,659         | 2,275 | 934   | 364   | 171   |
| Procurement, Marine Corps:   |        |                |               |               |       |       |       |       |
| Appropriation, discretionary .....                                     | 051 BA | <b>1,295</b>   | <b>1,218</b>  | <b>1,244</b>  |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>7</b>       | <b>9</b>      | <b>9</b>      |       |       |       |       |
| Outlays .....  | O      | 886            | 1,114         | 1,167         | 917   | 415   | 164   | 66    |
| Procurement, Marine Corps (gross) .....                                | BA     | <b>1,302</b>   | <b>1,227</b>  | <b>1,253</b>  |       |       |       |       |
|  | O      | 886            | 1,114         | 1,167         | 917   | 415   | 164   | 66    |
| Total, offsetting collections (cash) .....                             |        | -7             | -9            | -9            |       |       |       |       |
| Total Procurement, Marine Corps (net) .....                            | BA     | <b>1,295</b>   | <b>1,218</b>  | <b>1,244</b>  |       |       |       |       |
|  | O      | 879            | 1,105         | 1,158         | 917   | 415   | 164   | 66    |
| Aircraft procurement, Air Force:                                       |        |                |               |               |       |       |       |       |
| Appropriation, discretionary .....                                     | 051 BA | <b>8,795</b>   | <b>10,279</b> | <b>10,495</b> |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>104</b>     | <b>50</b>     | <b>50</b>     |       |       |       |       |
| Outlays .....  | O      | 9,076          | 8,132         | 9,322         | 6,633 | 3,529 | 2,034 | 1,039 |
| Aircraft procurement, Air Force (gross) .....                          | BA     | <b>8,899</b>   | <b>10,329</b> | <b>10,545</b> |       |       |       |       |
|  | O      | 9,076          | 8,132         | 9,322         | 6,633 | 3,529 | 2,034 | 1,039 |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>12</b>      |               |               |       |       |       |       |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | <b>-19</b>     |               |               |       |       |       |       |
| Total, offsetting collections (cash) .....                             |        | -97            | -50           | -50           |       |       |       |       |
| Total Aircraft procurement, Air Force (net) .....                      | BA     | <b>8,795</b>   | <b>10,279</b> | <b>10,495</b> |       |       |       |       |
|  | O      | 8,979          | 8,082         | 9,272         | 6,633 | 3,529 | 2,034 | 1,039 |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |           | 2000<br>actual | estimate     |              |              |            |            |            |
|--|-----------|----------------|--------------|--------------|--------------|------------|------------|------------|
|  |           |                | 2001         | 2002         | 2003         | 2004       | 2005       | 2006       |
| <b>Missile procurement, Air Force:</b>                           |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 2,018          | 2,796        | 2,855        |              |            |            |            |
| Spending authority from offsetting collections, discretionary    | BA        | 9              | 75           | 75           |              |            |            |            |
| Outlays  | O         | 2,260          | 2,545        | 2,713        |              |            |            |            |
| <b>Missile procurement, Air Force (gross)</b>                    | <b>BA</b> | <b>2,027</b>   | <b>2,871</b> | <b>2,930</b> |              |            |            |            |
|  | <b>O</b>  | <b>2,260</b>   | <b>2,545</b> | <b>2,713</b> |              |            |            |            |
| Change in uncollected customer payments from Federal sources     | BA        | 30             |              |              |              |            |            |            |
| Adjustment to uncollected customer payments from Federal sources | BA        | -22            |              |              |              |            |            |            |
| Total, offsetting collections (cash)                             |           | -17            | -75          | -75          |              |            |            |            |
| <b>Total Missile procurement, Air Force (net)</b>                | <b>BA</b> | <b>2,018</b>   | <b>2,796</b> | <b>2,855</b> |              |            |            |            |
|  | <b>O</b>  | <b>2,243</b>   | <b>2,470</b> | <b>2,638</b> |              |            |            |            |
| <b>Procurement of ammunition, Air Force:</b>                     |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 581            | 641          | 654          |              |            |            |            |
| Spending authority from offsetting collections, discretionary    | BA        | -3             | 13           | 13           |              |            |            |            |
| Outlays  | O         | 390            | 484          | 570          | 561          | 347        | 90         | 31         |
| <b>Procurement of ammunition, Air Force (gross)</b>              | <b>BA</b> | <b>578</b>     | <b>654</b>   | <b>667</b>   |              |            |            |            |
|  | <b>O</b>  | <b>390</b>     | <b>484</b>   | <b>570</b>   | <b>561</b>   | <b>347</b> | <b>90</b>  | <b>31</b>  |
| Change in uncollected customer payments from Federal sources     | BA        | -2             |              |              |              |            |            |            |
| Adjustment to uncollected customer payments from Federal sources | BA        | -2             |              |              |              |            |            |            |
| Total, offsetting collections (cash)                             |           | 7              | -13          | -13          |              |            |            |            |
| <b>Total Procurement of ammunition, Air Force (net)</b>          | <b>BA</b> | <b>581</b>     | <b>641</b>   | <b>654</b>   |              |            |            |            |
|  | <b>O</b>  | <b>397</b>     | <b>471</b>   | <b>557</b>   | <b>561</b>   | <b>347</b> | <b>90</b>  | <b>31</b>  |
| <b>Other procurement, Air Force:</b>                             |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 7,360          | 7,645        | 7,806        |              |            |            |            |
| Spending authority from offsetting collections, discretionary    | BA        | 134            | 301          | 301          |              |            |            |            |
| Outlays  | O         | 7,212          | 7,779        | 8,004        |              |            |            |            |
| <b>Other procurement, Air Force (gross)</b>                      | <b>BA</b> | <b>7,494</b>   | <b>7,946</b> | <b>8,107</b> |              |            |            |            |
|  | <b>O</b>  | <b>7,212</b>   | <b>7,779</b> | <b>8,004</b> |              |            |            |            |
| Change in uncollected customer payments from Federal sources     | BA        | -57            |              |              |              |            |            |            |
| Adjustment to uncollected customer payments from Federal sources | BA        | -4             |              |              |              |            |            |            |
| Total, offsetting collections (cash)                             |           | -73            | -301         | -301         |              |            |            |            |
| <b>Total Other procurement, Air Force (net)</b>                  | <b>BA</b> | <b>7,360</b>   | <b>7,645</b> | <b>7,806</b> |              |            |            |            |
|  | <b>O</b>  | <b>7,139</b>   | <b>7,478</b> | <b>7,703</b> |              |            |            |            |
| <b>Procurement, Defense-wide:</b>                                |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 2,417          | 2,298        | 2,346        |              |            |            |            |
| Spending authority from offsetting collections, discretionary    | BA        | 59             | 102          | 110          |              |            |            |            |
| Outlays  | O         | 2,407          | 2,322        | 2,139        | 1,506        | 870        | 391        | 177        |
| <b>Procurement, Defense-wide (gross)</b>                         | <b>BA</b> | <b>2,476</b>   | <b>2,400</b> | <b>2,456</b> |              |            |            |            |
|  | <b>O</b>  | <b>2,407</b>   | <b>2,322</b> | <b>2,139</b> | <b>1,506</b> | <b>870</b> | <b>391</b> | <b>177</b> |
| Change in uncollected customer payments from Federal sources     | BA        | -19            |              |              |              |            |            |            |
| Adjustment to uncollected customer payments from Federal sources | BA        | 1              |              |              |              |            |            |            |
| Total, offsetting collections (cash)                             |           | -41            | -102         | -110         |              |            |            |            |
| <b>Total Procurement, Defense-wide (net)</b>                     | <b>BA</b> | <b>2,417</b>   | <b>2,298</b> | <b>2,346</b> |              |            |            |            |
|  | <b>O</b>  | <b>2,366</b>   | <b>2,220</b> | <b>2,029</b> | <b>1,506</b> | <b>870</b> | <b>391</b> | <b>177</b> |
| <b>National guard and reserve equipment:</b>                     |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 149            | 99           | 101          |              |            |            |            |
| Spending authority from offsetting collections, discretionary    | BA        | 1              |              |              |              |            |            |            |
| Outlays  | O         | 395            | 394          | 220          | 114          | 65         | 28         | 7          |
| <b>National guard and reserve equipment (gross)</b>              | <b>BA</b> | <b>150</b>     | <b>99</b>    | <b>101</b>   |              |            |            |            |
|  | <b>O</b>  | <b>395</b>     | <b>394</b>   | <b>220</b>   | <b>114</b>   | <b>65</b>  | <b>28</b>  | <b>7</b>   |
| Total, offsetting collections (cash)                             |           | -1             |              |              |              |            |            |            |
| <b>Total National guard and reserve equipment (net)</b>          | <b>BA</b> | <b>149</b>     | <b>99</b>    | <b>101</b>   |              |            |            |            |
|  | <b>O</b>  | <b>394</b>     | <b>394</b>   | <b>220</b>   | <b>114</b>   | <b>65</b>  | <b>28</b>  | <b>7</b>   |
| <b>Defense production act purchases:</b>                         |           |                |              |              |              |            |            |            |
| Appropriation, discretionary                                     | 051 BA    | 3              | 3            | 3            |              |            |            |            |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |       |       |
|---|--------|----------------|----------|--------|--------|--------|-------|-------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005  | 2006  |
| Outlays .....   | O      | 15             | 15       | 13     | 10     | 9      |       |       |
| Chemical agents and munitions destruction, Army:                    |        |                |          |        |        |        |       |       |
| Appropriation, discretionary .....                                  | 051 BA | 1,022          | 977      | 998    |        |        |       |       |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3              | 5        | 5      |        |        |       |       |
| Outlays .....   | O      | 1,103          | 1,009    | 931    | 398    | 141    | 85    | 43    |
| Chemical agents and munitions destruction, Army (gross) .....       | BA     | 1,025          | 982      | 1,003  |        |        |       |       |
|   | O      | 1,103          | 1,009    | 931    | 398    | 141    | 85    | 43    |
| Total, offsetting collections (cash) .....                          |        | -3             | -5       | -5     |        |        |       |       |
| Total Chemical agents and munitions destruction, Army (net) .....   | BA     | 1,022          | 977      | 998    |        |        |       |       |
|   | O      | 1,100          | 1,004    | 926    | 398    | 141    | 85    | 43    |
| Total Federal funds Procurement .....                               | BA     | 54,972         | 62,111   | 59,493 |        |        |       |       |
|   | O      | 51,696         | 52,734   | 56,131 | 35,899 | 20,439 | 9,888 | 5,345 |

**Research, Development, Test, and Evaluation**

*Federal funds*

**General and Special Funds:**

|  |        |        |        |        |       |     |     |    |
|--|--------|--------|--------|--------|-------|-----|-----|----|
| Research, development, test, and evaluation, Army:                       |        |        |        |        |       |     |     |    |
| Appropriation, discretionary .....                                       | 051 BA | 5,330  | 6,242  | 6,415  |       |     |     |    |
| Spending authority from offsetting collections, discretionary .....      | BA     | 1,695  | 1,320  | 1,320  |       |     |     |    |
| Outlays .....  | O      | 6,422  | 6,705  | 7,920  | 2,743 | 777 | 322 | 86 |
| Research, development, test, and evaluation, Army (gross) .....          | BA     | 7,025  | 7,562  | 7,735  |       |     |     |    |
|  | O      | 6,422  | 6,705  | 7,920  | 2,743 | 777 | 322 | 86 |
| Change in uncollected customer payments from Federal sources .....       | BA     | -42    |        |        |       |     |     |    |
| Adjustment to uncollected customer payments from Federal sources .....   | BA     | -8     |        |        |       |     |     |    |
| Total, offsetting collections (cash) .....                               |        | -1,645 | -1,320 | -1,320 |       |     |     |    |
| Total Research, development, test, and evaluation, Army (net) .....      | BA     | 5,330  | 6,242  | 6,415  |       |     |     |    |
|  | O      | 4,777  | 5,385  | 6,600  | 2,743 | 777 | 322 | 86 |
| Research, development, test, and evaluation, Navy:                       |        |        |        |        |       |     |     |    |
| Appropriation, discretionary .....                                       | 051 BA | 9,044  | 9,427  | 9,666  |       |     |     |    |
| Spending authority from offsetting collections, discretionary .....      | BA     | 187    | 195    | 195    |       |     |     |    |
| Outlays .....  | O      | 9,065  | 8,919  | 9,859  | 3,847 | 851 | 383 | 63 |
| Research, development, test, and evaluation, Navy (gross) .....          | BA     | 9,231  | 9,622  | 9,861  |       |     |     |    |
|  | O      | 9,065  | 8,919  | 9,859  | 3,847 | 851 | 383 | 63 |
| Change in uncollected customer payments from Federal sources .....       | BA     | 23     |        |        |       |     |     |    |
| Adjustment to uncollected customer payments from Federal sources .....   | BA     | -2     |        |        |       |     |     |    |
| Total, offsetting collections (cash) .....                               |        | -208   | -195   | -195   |       |     |     |    |
| Total Research, development, test, and evaluation, Navy (net) .....      | BA     | 9,044  | 9,427  | 9,666  |       |     |     |    |
|  | O      | 8,857  | 8,724  | 9,664  | 3,847 | 851 | 383 | 63 |
| Research, development, test, and evaluation, Air Force:                  |        |        |        |        |       |     |     |    |
| Appropriation, discretionary .....                                       | 051 BA | 14,511 | 13,914 | 14,225 |       |     |     |    |
| Spending authority from offsetting collections, discretionary .....      | BA     | 1,624  | 2,050  | 2,050  |       |     |     |    |
| Outlays .....  | O      | 15,547 | 15,792 | 15,872 |       |     |     |    |
| Research, development, test, and evaluation, Air Force (gross) .....     | BA     | 16,135 | 15,964 | 16,275 |       |     |     |    |
|  | O      | 15,547 | 15,792 | 15,872 |       |     |     |    |
| Change in uncollected customer payments from Federal sources .....       | BA     | 142    |        |        |       |     |     |    |
| Adjustment to uncollected customer payments from Federal sources .....   | BA     | -58    |        |        |       |     |     |    |
| Total, offsetting collections (cash) .....                               |        | -1,708 | -2,050 | -2,050 |       |     |     |    |
| Total Research, development, test, and evaluation, Air Force (net) ..... | BA     | 14,511 | 13,914 | 14,225 |       |     |     |    |
|  | O      | 13,839 | 13,742 | 13,822 |       |     |     |    |
| Research, development, test, and evaluation, Defense-wide:               |        |        |        |        |       |     |     |    |
| Appropriation, discretionary .....                                       | 051 BA | 9,525  | 11,021 | 11,260 |       |     |     |    |
| Spending authority from offsetting collections, discretionary .....      | BA     | 451    | 516    | 564    |       |     |     |    |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate      |               |        |       |       |      |
|---|--------|----------------|---------------|---------------|--------|-------|-------|------|
|   |        |                | 2001          | 2002          | 2003   | 2004  | 2005  | 2006 |
| Outlays .....   | O      | 10,216         | 10,357        | 11,452        | 6,033  | 1,332 | 385   | 223  |
| Research, development, test, and evaluation, Defense-wide (gross) .....     | BA     | <b>9,976</b>   | <b>11,537</b> | <b>11,824</b> |        |       |       |      |
|   | O      | 10,216         | 10,357        | 11,452        | 6,033  | 1,332 | 385   | 223  |
| Change in uncollected customer payments from Federal sources .....          | BA     | <b>-47</b>     |               |               |        |       |       |      |
| Adjustment to uncollected customer payments from Federal sources .....      | BA     | <b>-28</b>     |               |               |        |       |       |      |
| Total, offsetting collections (cash) .....                                  |        | <b>-376</b>    | <b>-516</b>   | <b>-564</b>   |        |       |       |      |
| Total Research, development, test, and evaluation, Defense-wide (net) ..... | BA     | <b>9,525</b>   | <b>11,021</b> | <b>11,260</b> |        |       |       |      |
|   | O      | 9,840          | 9,841         | 10,888        | 6,033  | 1,332 | 385   | 223  |
| Developmental test and evaluation:  |        |                |               |               |        |       |       |      |
| Appropriation, discretionary .....  | 051 BA | <b>265</b>     |               |               |        |       |       |      |
| Spending authority from offsetting collections, discretionary .....         | BA     | <b>1</b>       |               |               |        |       |       |      |
| Outlays .....   | O      | 258            | 154           | 34            | 11     | 5     | 2     | 1    |
| Developmental test and evaluation (gross) .....                             | BA     | <b>266</b>     |               |               |        |       |       |      |
|   | O      | 258            | 154           | 34            | 11     | 5     | 2     | 1    |
| Change in uncollected customer payments from Federal sources .....          | BA     | <b>6</b>       |               |               |        |       |       |      |
| Total, offsetting collections (cash) .....                                  |        | <b>-6</b>      |               |               |        |       |       |      |
| Total Developmental test and evaluation (net) .....                         | BA     | <b>266</b>     |               |               |        |       |       |      |
|   | O      | 252            | 154           | 34            | 11     | 5     | 2     | 1    |
| Operational test and evaluation:  |        |                |               |               |        |       |       |      |
| Appropriation, discretionary .....  | 051 BA | <b>31</b>      | <b>225</b>    | <b>230</b>    |        |       |       |      |
| Outlays .....   | O      | 41             | 116           | 203           | 115    | 18    | 5     | 2    |
| Research and development initiative transfer account:                       |        |                |               |               |        |       |       |      |
| Appropriation, discretionary .....  | 051 BA |                |               | <b>2,600</b>  |        |       |       |      |
| Outlays .....   | O      |                |               | 1,445         | 887    | 159   | 52    | 20   |
| Total Federal funds Research, Development, Test, and Evaluation .....       | BA     | <b>38,707</b>  | <b>40,829</b> | <b>44,396</b> |        |       |       |      |
|   | O      | 37,606         | 37,962        | 42,656        | 13,636 | 3,142 | 1,149 | 395  |

**Military Construction**

*Federal funds*

**General and Special Funds:**

|  |        |               |               |               |     |     |     |     |
|--|--------|---------------|---------------|---------------|-----|-----|-----|-----|
| Military construction, Army:   |        |               |               |               |     |     |     |     |
| Appropriation, discretionary .....                                     | 051 BA | <b>1,118</b>  | <b>934</b>    | <b>964</b>    |     |     |     |     |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>2,240</b>  | <b>2,000</b>  | <b>2,000</b>  |     |     |     |     |
| Outlays .....  | O      | 3,555         | 3,080         | 2,921         | 867 | 474 | 235 | 114 |
| Military construction, Army (gross) .....                              | BA     | <b>3,358</b>  | <b>2,934</b>  | <b>2,964</b>  |     |     |     |     |
|  | O      | 3,555         | 3,080         | 2,921         | 867 | 474 | 235 | 114 |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>529</b>    |               |               |     |     |     |     |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | <b>-12</b>    |               |               |     |     |     |     |
| Total, offsetting collections (cash) .....                             |        | <b>-2,757</b> | <b>-2,000</b> | <b>-2,000</b> |     |     |     |     |
| Total Military construction, Army (net) .....                          | BA     | <b>1,118</b>  | <b>934</b>    | <b>964</b>    |     |     |     |     |
|  | O      | 798           | 1,080         | 921           | 867 | 474 | 235 | 114 |
| Military construction, Navy:   |        |               |               |               |     |     |     |     |
| Appropriation, discretionary .....                                     | 051 BA | <b>954</b>    | <b>926</b>    | <b>952</b>    |     |     |     |     |
| Spending authority from offsetting collections, discretionary .....    | BA     | <b>464</b>    | <b>354</b>    | <b>354</b>    |     |     |     |     |
| Outlays .....  | O      | 1,025         | 1,183         | 1,085         | 880 | 362 | 99  | 64  |
| Military construction, Navy (gross) .....                              | BA     | <b>1,418</b>  | <b>1,280</b>  | <b>1,306</b>  |     |     |     |     |
|  | O      | 1,025         | 1,183         | 1,085         | 880 | 362 | 99  | 64  |
| Change in uncollected customer payments from Federal sources .....     | BA     | <b>-242</b>   |               |               |     |     |     |     |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | <b>16</b>     |               |               |     |     |     |     |
| Total, offsetting collections (cash) .....                             |        | <b>-238</b>   | <b>-354</b>   | <b>-354</b>   |     |     |     |     |
| Total Military construction, Navy (net) .....                          | BA     | <b>954</b>    | <b>926</b>    | <b>952</b>    |     |     |     |     |
|  | O      | 787           | 829           | 731           | 880 | 362 | 99  | 64  |
| Military construction, Air Force:                                      |        |               |               |               |     |     |     |     |
| Appropriation, discretionary .....                                     | 051 BA | <b>855</b>    | <b>880</b>    | <b>898</b>    |     |     |     |     |
| Outlays .....  | O      | 685           | 801           | 861           | 750 | 335 | 66  | 33  |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |      |      |
|--|--------|----------------|----------|-------|-------|-------|------|------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005 | 2006 |
| Military construction, Defense-wide:                                       |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 695            | 813      | 830   |       |       |      |      |
| Outlays  | O      | 674            | 725      | 718   | 662   | 333   | 178  | 78   |
| North Atlantic Treaty Organization security investment program:            |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 81             | 172      | 176   |       |       |      |      |
| Spending authority from offsetting collections, discretionary              | BA     | 6              | 11       | 11    |       |       |      |      |
| Outlays  | O      | 183            | 42       | 94    | 129   | 131   | 44   |      |
| North Atlantic Treaty Organization security investment program (gross)     | BA     | 87             | 183      | 187   |       |       |      |      |
|  | O      | 183            | 42       | 94    | 129   | 131   | 44   |      |
| Total, offsetting collections (cash)                                       |        | -6             | -11      | -11   |       |       |      |      |
| Total North Atlantic Treaty Organization security investment program (net) | BA     | 81             | 172      | 176   |       |       |      |      |
|  | O      | 177            | 31       | 83    | 129   | 131   | 44   |      |
| Military construction, Army National Guard:                                |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 230            | 286      | 292   |       |       |      |      |
| Outlays  | O      | 138            | 186      | 222   | 244   | 145   | 94   | 46   |
| Military construction, Air National Guard:                                 |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 256            | 204      | 208   |       |       |      |      |
| Outlays  | O      | 175            | 210      | 227   | 190   | 84    | 40   | 18   |
| Military construction, Army Reserve:                                       |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 120            | 108      | 110   |       |       |      |      |
| Outlays  | O      | 96             | 99       | 102   | 95    | 54    | 25   | 12   |
| Military construction, Naval Reserve:                                      |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 25             | 62       | 63    |       |       |      |      |
| Outlays  | O      | 67             | 18       | 36    | 36    | 24    | 16   | 10   |
| Military construction, Air Force Reserve:                                  |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 63             | 37       | 38    |       |       |      |      |
| Outlays  | O      | 34             | 51       | 42    | 35    | 14    | 4    | 1    |
| Base realignment and closure account:                                      |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA | 663            | 997      | 1,018 |       |       |      |      |
| Spending authority from offsetting collections, discretionary              | BA     | 69             | 23       |       |       |       |      |      |
| Outlays  | O      | 1,557          | 1,191    | 849   | 559   | 326   | 79   | 26   |
| Base realignment and closure account (gross)                               | BA     | 732            | 1,020    | 1,018 |       |       |      |      |
|  | O      | 1,557          | 1,191    | 849   | 559   | 326   | 79   | 26   |
| Change in uncollected customer payments from Federal sources               | BA     | 31             |          |       |       |       |      |      |
| Adjustment to uncollected customer payments from Federal sources           | BA     | -21            |          |       |       |       |      |      |
| Total, offsetting collections (cash)                                       |        | -79            | -23      |       |       |       |      |      |
| Total Base realignment and closure account (net)                           | BA     | 663            | 997      | 1,018 |       |       |      |      |
|  | O      | 1,478          | 1,168    | 849   | 559   | 326   | 79   | 26   |
| Foreign currency fluctuations, construction:                               |        |                |          |       |       |       |      |      |
| Appropriation, discretionary   | 051 BA |                | -83      |       |       |       |      |      |
| Reappropriation, discretionary   | BA     | 47             |          |       |       |       |      |      |
| Total Foreign currency fluctuations, construction                          | BA     | 47             | -83      |       |       |       |      |      |
| Total Federal funds Military Construction                                  | BA     | 5,107          | 5,336    | 5,549 |       |       |      |      |
|  | O      | 5,109          | 5,198    | 4,792 | 4,447 | 2,282 | 880  | 402  |

**Family Housing**  
*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |     |     |    |    |
|---|--------|-------|-------|-------|-----|-----|----|----|
| Family housing, Army:   |        |       |       |       |     |     |    |    |
| Appropriation, discretionary                                  | 051 BA | 1,160 | 1,174 | 1,200 |     |     |    |    |
| Spending authority from offsetting collections, discretionary | BA     | 16    | 22    | 22    |     |     |    |    |
| Outlays   | O      | 1,185 | 1,230 | 1,158 | 459 | 194 | 61 | 14 |
| Family housing, Army (gross)                                  | BA     | 1,176 | 1,196 | 1,222 |     |     |    |    |
|   | O      | 1,185 | 1,230 | 1,158 | 459 | 194 | 61 | 14 |
| Total, offsetting collections (cash)                          |        | -16   | -22   | -22   |     |     |    |    |
| Total Family housing, Army (net)                              | BA     | 1,160 | 1,174 | 1,200 |     |     |    |    |
|   | O      | 1,169 | 1,208 | 1,136 | 459 | 194 | 61 | 14 |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |      |      |      |
|--|--------|----------------|----------|-------|-------|------|------|------|
|  |        |                | 2001     | 2002  | 2003  | 2004 | 2005 | 2006 |
| <b>Family housing, Navy and Marine Corps:</b>                    |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 1,177          | 1,292    | 1,319 |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 22             | 21       | 21    |       |      |      |      |
| Outlays  | O      | 1,206          | 1,305    | 1,256 | 715   | 337  | 180  | 86   |
| Family housing, Navy and Marine Corps (gross)                    | BA     | 1,199          | 1,313    | 1,340 |       |      |      |      |
|  | O      | 1,206          | 1,305    | 1,256 | 715   | 337  | 180  | 86   |
| Adjustment to uncollected customer payments from Federal sources | BA     | 1              |          |       |       |      |      |      |
| Total, offsetting collections (cash)                             |        | -23            | -30      | -21   |       |      |      |      |
| Total Family housing, Navy and Marine Corps (net)                | BA     | 1,177          | 1,283    | 1,319 |       |      |      |      |
|  | O      | 1,183          | 1,275    | 1,235 | 715   | 337  | 180  | 86   |
| <b>Family housing, Air Force:</b>                                |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 1,158          | 1,071    | 1,093 |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 10             | 11       | 11    |       |      |      |      |
| Outlays  | O      | 1,010          | 1,118    | 1,091 | 496   | 177  | 93   | 40   |
| Family housing, Air Force (gross)                                | BA     | 1,168          | 1,082    | 1,104 |       |      |      |      |
|  | O      | 1,010          | 1,118    | 1,091 | 496   | 177  | 93   | 40   |
| Total, offsetting collections (cash)                             |        | -10            | -11      | -11   |       |      |      |      |
| Total Family housing, Air Force (net)                            | BA     | 1,158          | 1,071    | 1,093 |       |      |      |      |
|  | O      | 1,000          | 1,107    | 1,080 | 496   | 177  | 93   | 40   |
| <b>Family housing, Defense-wide:</b>                             |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 41             | 45       | 46    |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 2              | 3        | 3     |       |      |      |      |
| Outlays  | O      | 35             | 46       | 45    | 12    | 9    | 6    | 2    |
| Family housing, Defense-wide (gross)                             | BA     | 43             | 48       | 49    |       |      |      |      |
|  | O      | 35             | 46       | 45    | 12    | 9    | 6    | 2    |
| Total, offsetting collections (cash)                             |        | -2             | -3       | -3    |       |      |      |      |
| Total Family housing, Defense-wide (net)                         | BA     | 41             | 45       | 46    |       |      |      |      |
|  | O      | 33             | 43       | 42    | 12    | 9    | 6    | 2    |
| <b>Housing initiative transfer account:</b>                      |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA |                |          | 400   |       |      |      |      |
| Outlays  | O      |                |          | 240   | 76    | 38   | 17   | 9    |
| <b>Public Enterprise Funds:</b>                                  |        |                |          |       |       |      |      |      |
| <b>Homeowners assistance fund:</b>                               |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 5              | 25       | 26    |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 22             | 19       | 14    |       |      |      |      |
| Outlays  | O      | 49             | 34       | 28    | 15    | 10   | 6    | 3    |
| Homeowners assistance fund (gross)                               | BA     | 27             | 44       | 40    |       |      |      |      |
|  | O      | 49             | 34       | 28    | 15    | 10   | 6    | 3    |
| Change in uncollected customer payments from Federal sources     | BA     | 1              |          |       |       |      |      |      |
| Total, offsetting collections (cash)                             |        | -23            | -19      | -14   |       |      |      |      |
| Total Homeowners assistance fund (net)                           | BA     | 5              | 25       | 26    |       |      |      |      |
|  | O      | 26             | 15       | 14    | 15    | 10   | 6    | 3    |
| <b>Credit Accounts:</b>  |        |                |          |       |       |      |      |      |
| <b>Family housing improvement fund:</b>                          |        |                |          |       |       |      |      |      |
| Appropriation, discretionary                                     | 051 BA | 2              | 16       | 16    |       |      |      |      |
| Spending authority from offsetting collections, discretionary    | BA     | 1              | 9        |       |       |      |      |      |
| Outlays  | O      | 2              | 35       | 68    | 9     | 4    | 3    | 1    |
| Total Family housing improvement fund                            | BA     | 3              | 25       | 16    |       |      |      |      |
|  | O      | 2              | 35       | 68    | 9     | 4    | 3    | 1    |
| Total Federal funds Family Housing                               | BA     | 3,544          | 3,623    | 4,100 |       |      |      |      |
|  | O      | 3,413          | 3,683    | 3,815 | 1,782 | 769  | 366  | 155  |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |      |      |      |      |
|---|--------|----------------|----------|--------|------|------|------|------|
|   |        |                | 2001     | 2002   | 2003 | 2004 | 2005 | 2006 |
| <b>Revolving and Management Funds</b>                         |        |                |          |        |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |        |      |      |      |      |
| <b>Public Enterprise Funds:</b>                               |        |                |          |        |      |      |      |      |
| National defense stockpile transaction fund:                  |        |                |          |        |      |      |      |      |
| Spending authority from offsetting collections, discretionary | 051 BA | 386            | 377      | 377    |      |      |      |      |
| Outlays   | O      | 68             | 456      | 325    |      |      |      |      |
| National defense stockpile transaction fund (gross)           | BA     | 386            | 377      | 377    |      |      |      |      |
|   | O      | 68             | 456      | 325    |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -575           | -581     | -581   |      |      |      |      |
| Total National defense stockpile transaction fund (net)       | BA     | -189           | -204     | -204   |      |      |      |      |
|   | O      | -507           | -125     | -256   |      |      |      |      |
| Reserve mobilization income insurance fund:                   |        |                |          |        |      |      |      |      |
| Appropriation, discretionary                                  | 051 BA |                | -13      |        |      |      |      |      |
| Spending authority from offsetting collections, discretionary | BA     | 1              |          |        |      |      |      |      |
| Outlays   | O      | 1              |          |        |      |      |      |      |
| Reserve mobilization income insurance fund (gross)            | BA     | 1              | -13      |        |      |      |      |      |
|   | O      | 1              |          |        |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -1             |          |        |      |      |      |      |
| Total Reserve mobilization income insurance fund (net)        | BA     |                | -13      |        |      |      |      |      |
|   | O      |                |          |        |      |      |      |      |
| <b>Intragovernmental Funds:</b>                               |        |                |          |        |      |      |      |      |
| Pentagon reservation maintenance revolving fund:              |        |                |          |        |      |      |      |      |
| Spending authority from offsetting collections, mandatory     | 051 BA | 378            | 385      | 334    | 317  | 385  | 385  | 385  |
| Outlays   | O      | 415            | 451      | 329    | 313  | 366  | 366  | 366  |
| Pentagon reservation maintenance revolving fund (gross)       | BA     | 378            | 385      | 334    | 317  | 385  | 385  | 385  |
|   | O      | 415            | 451      | 329    | 313  | 366  | 366  | 366  |
| Change in uncollected customer payments from Federal sources  | BA     | -9             | -19      | -5     | -4   | -19  | -19  | -19  |
| Total, offsetting collections (cash)                          |        | -369           | -366     | -329   | -313 | -366 | -366 | -366 |
| Total Pentagon reservation maintenance revolving fund (net)   | BA     |                |          |        |      |      |      |      |
|   | O      | 46             | 85       |        |      |      |      |      |
| National defense sealift fund:                                |        |                |          |        |      |      |      |      |
| Appropriation, discretionary                                  | 051 BA | 713            | 400      | 507    |      |      |      |      |
| Spending authority from offsetting collections, discretionary | BA     | 669            | 805      | 805    |      |      |      |      |
| Outlays   | O      | 2,140          | 1,382    | 1,361  | 295  | 131  | 50   | 32   |
| National defense sealift fund (gross)                         | BA     | 1,382          | 1,205    | 1,312  |      |      |      |      |
|   | O      | 2,140          | 1,382    | 1,361  | 295  | 131  | 50   | 32   |
| Change in uncollected customer payments from Federal sources  | BA     | 64             |          |        |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -733           | -805     | -805   |      |      |      |      |
| Total National defense sealift fund (net)                     | BA     | 713            | 400      | 507    |      |      |      |      |
|   | O      | 1,407          | 577      | 556    | 295  | 131  | 50   | 32   |
| Working capital fund, Army:                                   |        |                |          |        |      |      |      |      |
| Appropriation, discretionary                                  | 051 BA | 62             |          |        |      |      |      |      |
| Contract authority, mandatory                                 | BA     | 266            |          |        |      |      |      |      |
| Spending authority from offsetting collections, discretionary | BA     | 8,387          | 7,268    | 6,692  |      |      |      |      |
| Outlays   | O      | 8,569          | 8,826    | 6,692  |      |      |      |      |
| Working capital fund, Army (gross)                            | BA     | 8,715          | 7,268    | 6,692  |      |      |      |      |
|   | O      | 8,569          | 8,826    | 6,692  |      |      |      |      |
| Change in uncollected customer payments from Federal sources  | BA     | 240            | 1,359    |        |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -8,627         | -8,627   | -6,692 |      |      |      |      |
| Total Working capital fund, Army (net)                        | BA     | 328            |          |        |      |      |      |      |
|   | O      | -58            | 199      |        |      |      |      |      |
| Working capital fund, Navy:                                   |        |                |          |        |      |      |      |      |
| Contract authority, mandatory                                 | 051 BA | 563            |          |        |      |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |         |      |      |      | 2006 |
|---|--------|----------------|----------|---------|------|------|------|------|
|   |        |                | 2001     | 2002    | 2003 | 2004 | 2005 |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 20,653         | 21,196   | 21,413  |      |      |      |      |
| Outlays .....   | O      | 20,555         | 20,893   | 21,716  |      |      |      |      |
| Working capital fund, Navy (gross) .....                            | BA     | 21,216         | 21,196   | 21,413  |      |      |      |      |
|   | O      | 20,555         | 20,893   | 21,716  |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....  | BA     | 222            | -303     | 303     |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -20,875        | -20,893  | -21,716 |      |      |      |      |
| Total Working capital fund, Navy (net) .....                        | BA     | 563            |          |         |      |      |      |      |
|   | O      | -320           |          |         |      |      |      |      |
| Working capital fund, Air Force:                                    |        |                |          |         |      |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA | 28             |          |         |      |      |      |      |
| Contract authority, mandatory .....                                 | BA     | 406            |          |         |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 19,164         | 21,200   | 18,948  |      |      |      |      |
| Outlays .....   | O      | 19,490         | 20,243   | 20,069  |      |      |      |      |
| Working capital fund, Air Force (gross) .....                       | BA     | 19,598         | 21,200   | 18,948  |      |      |      |      |
|   | O      | 19,490         | 20,243   | 20,069  |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....  | BA     | 103            | -1,121   | 1,121   |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -19,267        | -20,079  | -20,069 |      |      |      |      |
| Total Working capital fund, Air Force (net) .....                   | BA     | 434            |          |         |      |      |      |      |
|   | O      | 223            | 164      |         |      |      |      |      |
| Working capital fund, Defense wide:                                 |        |                |          |         |      |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA | 1,556          |          |         |      |      |      |      |
| Contract authority, mandatory .....                                 | BA     | 2,813          |          |         |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 19,441         | 24,028   | 23,618  |      |      |      |      |
| Outlays .....   | O      | 20,859         | 22,395   | 26,304  |      |      |      |      |
| Working capital fund, Defense wide (gross) .....                    | BA     | 23,810         | 24,028   | 23,618  |      |      |      |      |
|   | O      | 20,859         | 22,395   | 26,304  |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....  | BA     | 200            | -2,686   | 1,686   |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -19,641        | -21,342  | -25,304 |      |      |      |      |
| Total Working capital fund, Defense wide (net) .....                | BA     | 4,369          |          |         |      |      |      |      |
|   | O      | 1,218          | 1,053    | 1,000   |      |      |      |      |
| Working capital fund, Defense Commissary Agency:                    |        |                |          |         |      |      |      |      |
| Appropriation, discretionary .....                                  | 051 BA | 1,009          | 914      | 933     |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | BA     | 5,112          | 5,310    | 5,243   |      |      |      |      |
| Outlays .....   | O      | 6,112          | 6,299    | 6,178   |      |      |      |      |
| Working capital fund, Defense Commissary Agency (gross) .....       | BA     | 6,121          | 6,224    | 6,176   |      |      |      |      |
|   | O      | 6,112          | 6,299    | 6,178   |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2             |          |         |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -5,110         | -5,310   | -5,243  |      |      |      |      |
| Total Working capital fund, Defense Commissary Agency (net) .....   | BA     | 1,009          | 914      | 933     |      |      |      |      |
|   | O      | 1,002          | 989      | 935     |      |      |      |      |
| Buildings maintenance fund:   |        |                |          |         |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....     | 051 BA | 26             | 33       | 28      | 36   | 36   | 36   | 36   |
| Outlays .....   | O      | 25             | 41       | 28      | 36   | 36   | 36   | 36   |
| Buildings maintenance fund (gross) .....                            | BA     | 26             | 33       | 28      | 36   | 36   | 36   | 36   |
|   | O      | 25             | 41       | 28      | 36   | 36   | 36   | 36   |
| Change in uncollected customer payments from Federal sources .....  | BA     | -3             |          |         |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -23            | -33      | -28     | -36  | -36  | -36  | -36  |
| Total Buildings maintenance fund (net) .....                        | BA     |                |          |         |      |      |      |      |
|   | O      | 2              | 8        |         |      |      |      |      |
| Army conventional ammunition working capital fund:                  |        |                |          |         |      |      |      |      |
| Appropriation, mandatory .....                                      | 051 BA | 46             |          |         |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....     | BA     | 50             | 83       | 88      | 88   |      |      |      |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate     |              |           |           |           |           |
|---|----|----------------|--------------|--------------|-----------|-----------|-----------|-----------|
|   |    |                | 2001         | 2002         | 2003      | 2004      | 2005      | 2006      |
| Outlays .....   | O  | 256            | 154          | 131          | 128       | 10        | 10        | 10        |
| Army conventional ammunition working capital fund (gross) .....     | BA | <b>96</b>      | <b>83</b>    | <b>88</b>    | <b>88</b> |           |           |           |
|   | O  | 256            | 154          | 131          | 128       | 10        | 10        | 10        |
| Change in uncollected customer payments from Federal sources .....  | BA | <b>23</b>      | <b>37</b>    | <b>-11</b>   | <b>13</b> | <b>10</b> | <b>10</b> | <b>10</b> |
| Total, offsetting collections (cash) .....                          |    | -73            | -120         | -77          | -13       | -10       | -10       | -10       |
| Total Army conventional ammunition working capital fund (net) ..... | BA | <b>46</b>      |              |              | <b>88</b> |           |           |           |
|   | O  | 183            | 34           | 54           | 115       |           |           |           |
| Total Federal funds Revolving and Management Funds .....            | BA | <b>7,273</b>   | <b>1,097</b> | <b>1,236</b> | <b>88</b> |           |           |           |
|   | O  | 3,196          | 2,984        | 2,289        | 410       | 131       | 50        | 32        |

**Allowances**

*Federal funds*

**General and Special Funds:**

|   |        |    |     |       |                |                |                |                |
|---|--------|----|-----|-------|----------------|----------------|----------------|----------------|
| General transfer authority outlay allowance:                        |        |    |     |       |                |                |                |                |
| Outlays .....   | 051 O  |    | 280 | 290   | 155            | 65             | 30             | 15             |
| Department of Defense Closed Accounts:                              |        |    |     |       |                |                |                |                |
| Outlays .....   | 051 O  | 31 |     |       |                |                |                |                |
| Discretionary out-year profile:                                     |        |    |     |       |                |                |                |                |
| Appropriation, discretionary .....                                  | 051 BA |    |     |       | <b>318,991</b> | <b>327,917</b> | <b>337,085</b> | <b>346,547</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     |    |     |       | <b>7,155</b>   | <b>7,155</b>   | <b>7,155</b>   | <b>7,155</b>   |
| Outlays .....   | O      |    |     | 2,253 | 224,396        | 291,161        | 323,885        | 338,224        |
| Discretionary out-year profile (gross) .....                        | BA     |    |     |       | <b>326,146</b> | <b>335,072</b> | <b>344,240</b> | <b>353,702</b> |
|   | O      |    |     | 2,253 | 224,396        | 291,161        | 323,885        | 338,224        |
| Total, offsetting collections (cash) .....                          |        |    |     |       | -7,155         | -7,155         | -7,155         | -7,155         |
| Total Discretionary out-year profile (net) .....                    | BA     |    |     |       | <b>318,991</b> | <b>327,917</b> | <b>337,085</b> | <b>346,547</b> |
|   | O      |    |     | 2,253 | 217,241        | 284,006        | 316,730        | 331,069        |
| Total Federal funds Allowances .....                                | BA     |    |     |       | <b>318,991</b> | <b>327,917</b> | <b>337,085</b> | <b>346,547</b> |
|   | O      | 31 | 280 | 2,543 | 217,396        | 284,071        | 316,760        | 331,084        |

**Trust Funds**

*Trust funds*

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Voluntary separation incentive fund:                            |        |            |            |            |            |            |            |            |
| Appropriation, mandatory .....                                  | 051 BA | <b>150</b> | <b>77</b>  | <b>143</b> | <b>155</b> | <b>157</b> | <b>157</b> | <b>156</b> |
| Outlays .....   | O      | 153        | 157        | 157        | 157        | 157        | 191        | 156        |
| Host nation support fund for relocation:                        |        |            |            |            |            |            |            |            |
| Appropriation, mandatory .....                                  | 051 BA | <b>12</b>  | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   | <b>6</b>   |
| Outlays .....   | O      | 8          | 6          | 6          | 6          | 6          | 6          | 6          |
| Other DOD trust funds:  |        |            |            |            |            |            |            |            |
| Appropriation, mandatory .....                                  | 051 BA | <b>51</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  | <b>40</b>  |
| Outlays .....   | O      | 41         | 40         | 40         | 40         | 40         | 40         | 40         |
| National security education trust fund:                         |        |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                              | 051 BA | <b>8</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   | <b>8</b>   |
| Outlays .....   | O      | 6          | 7          | 13         | 10         | 8          | 8          | 8          |
| Foreign national employees separation pay:                      |        |            |            |            |            |            |            |            |
| Appropriation, mandatory .....                                  | 051 BA | <b>9</b>   | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  |
| Outlays .....   | O      | 12         | 10         | 10         | 10         | 10         | 10         | 10         |
| Other DOD trust revolving funds:                                |        |            |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory ..... | 051 BA | <b>10</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  |
| Outlays .....   | O      | 10         | 15         | 15         | 15         | 15         | 15         | 15         |
| Other DOD trust revolving funds (gross) .....                   | BA     | <b>10</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  |
|   | O      | 10         | 15         | 15         | 15         | 15         | 15         | 15         |
| Total, offsetting collections (cash) .....                      |        | -10        | -15        | -15        | -15        | -15        | -15        | -15        |
| Total Other DOD trust revolving funds (net) .....               | BA     |            |            |            |            |            |            |            |
|   | O      |            |            |            |            |            |            |            |
| Surcharge collections, sales of commissary stores, Defense:     |        |            |            |            |            |            |            |            |
| Contract authority, mandatory .....                             | 051 BA | <b>25</b>  |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>269</b> | <b>262</b> | <b>268</b> | <b>278</b> | <b>262</b> | <b>262</b> | <b>262</b> |

**DEPARTMENT OF DEFENSE—MILITARY—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O  | 349            | 293        | 259        | 269        | 253        | 253        | 253        |
| Surcharge collections, sales of commissary stores, Defense (gross) .....     | BA | <b>294</b>     | <b>262</b> | <b>268</b> | <b>278</b> | <b>262</b> | <b>262</b> | <b>262</b> |
|  | O  | 349            | 293        | 259        | 269        | 253        | 253        | 253        |
| Change in uncollected customer payments from Federal sources .....           | BA | <b>-29</b>     |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....                                   |    | -240           | -262       | -268       | -278       | -262       | -262       | -262       |
| Total Surcharge collections, sales of commissary stores, Defense (net) ..... | BA | <b>25</b>      |            |            |            |            |            |            |
|  | O  | 109            | 31         | -9         | -9         | -9         | -9         | -9         |
| Total Trust funds Trust Funds .....  | BA | <b>255</b>     | <b>140</b> | <b>206</b> | <b>218</b> | <b>220</b> | <b>221</b> | <b>220</b> |
|  | O  | 329            | 251        | 217        | 214        | 212        | 246        | 211        |

**Summary**

|  |          |                |                |                |                |                |                |                |
|--|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Federal funds:                             |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       | <b>292,218</b> | <b>296,601</b> | <b>310,725</b> | <b>319,319</b> | <b>328,157</b> | <b>337,325</b> | <b>346,787</b> |
|  | O        | 282,871        | 285,345        | 304,806        | 307,537        | 318,494        | 332,316        | 339,039        |
| Deductions for offsetting receipts:        |          |                |                |                |                |                |                |                |
| Intrafund transactions .....               | 051 BA/O | -35            | -60            | -25            |                |                |                |                |
| Proprietary receipts from the public ..... | 051 BA/O | -1,822         | -1,562         | -1,421         | -1,413         | -1,372         | -1,401         | -1,359         |
| Offsetting governmental receipts .....     | 051 BA/O | -5             | -6             | -6             | -6             | -6             | -6             | -6             |
| Total Federal funds .....                  | BA       | <b>290,356</b> | <b>294,973</b> | <b>309,273</b> | <b>317,900</b> | <b>326,779</b> | <b>335,918</b> | <b>345,422</b> |
|  | O        | 281,009        | 283,717        | 303,354        | 306,118        | 317,116        | 330,909        | 337,674        |
| Trust funds:                               |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       | <b>255</b>     | <b>140</b>     | <b>206</b>     | <b>218</b>     | <b>220</b>     | <b>221</b>     | <b>220</b>     |
|  | O        | 329            | 251            | 217            | 214            | 212            | 246            | 211            |
| Interfund transactions .....               | 051 BA/O | -115           | -53            | -122           | -135           | -139           | -140           | -141           |
| Total Department of Defense—Military ..... | BA       | <b>290,496</b> | <b>295,060</b> | <b>309,357</b> | <b>317,983</b> | <b>326,860</b> | <b>335,999</b> | <b>345,501</b> |
|  | O        | 281,223        | 283,915        | 303,449        | 306,197        | 317,189        | 331,015        | 337,744        |

**DEPARTMENT OF EDUCATION**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |               |               |               |               |               |
|---|--------|----------------|--------------|---------------|---------------|---------------|---------------|---------------|
|   |        |                | 2001         | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Office of Elementary and Secondary Education</b>                 |        |                |              |               |               |               |               |               |
| <i>Federal funds</i>  |        |                |              |               |               |               |               |               |
| <b>General and Special Funds:</b>                                   |        |                |              |               |               |               |               |               |
| Education for the disadvantaged:                                    |        |                |              |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 501 BA | <b>2,496</b>   | <b>2,774</b> | <b>30</b>     | <b>31</b>     | <b>31</b>     | <b>32</b>     | <b>33</b>     |
|   |        |                |              | ✓10,981       | ✓11,226       | ✓11,476       | ✓11,732       | ✓11,994       |
| Advance appropriation, discretionary .....                          | BA     | <b>6,205</b>   | <b>6,205</b> |               |               |               |               |               |
| Advance appropriation, mandatory .....                              | BA     |                |              | <b>6,758</b>  |               |               |               |               |
| Outlays .....   | O      | 8,529          | 8,471        | 8,847         | 1,912         | 220           | 32            | 32            |
|   |        |                |              | ✓549          | ✓8,797        | ✓10,970       | ✓11,434       | ✓11,689       |
| Total Education for the disadvantaged .....                         | BA     | <b>8,701</b>   | <b>8,979</b> | <b>17,769</b> | <b>11,257</b> | <b>11,507</b> | <b>11,764</b> | <b>12,027</b> |
|   | O      | 8,529          | 8,471        | 9,396         | 10,709        | 11,190        | 11,466        | 11,721        |
| Impact aid:   |        |                |              |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 501 BA | <b>906</b>     | <b>993</b>   | <b>1,130</b>  | <b>1,155</b>  | <b>1,181</b>  | <b>1,208</b>  | <b>1,234</b>  |
| Outlays .....   | O      | 877            | 1,140        | 1,114         | 1,154         | 1,177         | 1,204         | 1,231         |
| School improvement programs:  |        |                |              |               |               |               |               |               |
| Appropriation, discretionary .....                                  | 501 BA | <b>1,492</b>   | <b>3,104</b> | <b>229</b>    | <b>234</b>    | <b>239</b>    | <b>245</b>    | <b>250</b>    |
|   |        |                |              | ✓6,160        | ✓6,297        | ✓6,438        | ✓6,581        | ✓6,728        |
| Advance appropriation, discretionary .....                          | BA     |                | <b>1,515</b> |               |               |               |               |               |
| Advance appropriation, mandatory .....                              | BA     |                |              | <b>1,765</b>  |               |               |               |               |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>57</b>      |              |               |               |               |               |               |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |               |               |               |               |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |        |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Outlays .....  | O      | 2,578          | 3,098         | 3,611         | 1,882         | 572           | 238           | 244           |
|  |        |                |               | ✓308          | ✓4,319        | ✓5,955        | ✓6,396        | ✓6,538        |
| School improvement programs (gross) .....                              | BA     | <b>1,549</b>   | <b>4,619</b>  | <b>8,154</b>  | <b>6,531</b>  | <b>6,677</b>  | <b>6,826</b>  | <b>6,978</b>  |
|  | O      | 2,578          | 3,098         | 3,919         | 6,201         | 6,527         | 6,634         | 6,782         |
| Total, offsetting collections (cash) .....                             |        | -57            |               |               |               |               |               |               |
| Total School improvement programs (net) .....                          | BA     | <b>1,492</b>   | <b>4,619</b>  | <b>8,154</b>  | <b>6,531</b>  | <b>6,677</b>  | <b>6,826</b>  | <b>6,978</b>  |
|  | O      | 2,521          | 3,098         | 3,919         | 6,201         | 6,527         | 6,634         | 6,782         |
| Reading excellence:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                     | 501 BA | <b>65</b>      | <b>91</b>     |               |               |               |               |               |
| Advance appropriation, discretionary .....                             | BA     |                | <b>195</b>    |               |               |               |               |               |
| Advance appropriation, mandatory .....                                 | BA     |                |               | <b>195</b>    |               |               |               |               |
| Outlays .....  | O      | 27             | 186           | 233           | 247           | 84            | 29            |               |
| Total Reading excellence .....   | BA     | <b>65</b>      | <b>286</b>    | <b>195</b>    |               |               |               |               |
|  | O      | 27             | 186           | 233           | 247           | 84            | 29            |               |
| Education reform:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                     | 501 BA | <b>1,765</b>   | <b>1,881</b>  |               |               |               |               |               |
| Outlays .....  | O      | 1,243          | 1,963         | 1,627         | 652           | 94            |               |               |
| Chicago litigation settlement:   |        |                |               |               |               |               |               |               |
| Outlays .....  | 501 O  | 2              | 2             | 1             |               |               |               |               |
| Indian education:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                     | 501 BA | <b>77</b>      | <b>116</b>    |               |               |               |               |               |
| Outlays .....  | O      | 65             | 85            | ✓116          | ✓119          | ✓121          | ✓124          | ✓127          |
|  |        |                |               | ✓6            | ✓93           | ✓116          | ✓121          | ✓123          |
| Total Indian education .....   | BA     | <b>77</b>      | <b>116</b>    | <b>116</b>    | <b>119</b>    | <b>121</b>    | <b>124</b>    | <b>127</b>    |
|  | O      | 65             | 85            | 108           | 115           | 118           | 121           | 123           |
| Total Federal funds Office of Elementary and Secondary Education ..... | BA     | <b>13,006</b>  | <b>16,874</b> | <b>27,364</b> | <b>19,062</b> | <b>19,486</b> | <b>19,922</b> | <b>20,366</b> |
|  | O      | 13,264         | 14,945        | 16,398        | 19,078        | 19,190        | 19,454        | 19,857        |

**Office of Bilingual Education and Minority Languages Affairs**

Federal funds

General and Special Funds:

Bilingual and immigrant education:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....            | 501 BA | <b>406</b> | <b>460</b> |            |            |            |            |            |
| Outlays .....                                 | O      | 363        | 448        | ✓460       | ✓470       | ✓481       | ✓491       | ✓502       |
|   |        |            |            | ✓23        | ✓323       | ✓445       | ✓478       | ✓488       |
| Total Bilingual and immigrant education ..... | BA     | <b>406</b> | <b>460</b> | <b>460</b> | <b>470</b> | <b>481</b> | <b>491</b> | <b>502</b> |
|   | O      | 363        | 448        | 442        | 458        | 468        | 478        | 488        |

**Office of Special Education and Rehabilitative Services**

Federal funds

General and Special Funds:

Special education:

|   |        |              |              |               |              |              |              |              |
|---|--------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                  | 501 BA | <b>2,294</b> | <b>2,368</b> | <b>8,426</b>  | <b>8,614</b> | <b>8,806</b> | <b>9,002</b> | <b>9,203</b> |
| Advance appropriation, discretionary .....                          | BA     |              | <b>3,742</b> |               |              |              |              |              |
| Advance appropriation, mandatory .....                              | BA     |              |              | <b>5,072</b>  |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1</b>     |              |               |              |              |              |              |
| Outlays .....   | O      | 4,950        | 5,815        | 6,934         | 8,013        | 8,503        | 8,733        | 8,928        |
| Special education (gross) .....                                     | BA     | <b>2,295</b> | <b>6,110</b> | <b>13,498</b> | <b>8,614</b> | <b>8,806</b> | <b>9,002</b> | <b>9,203</b> |
|   | O      | 4,950        | 5,815        | 6,934         | 8,013        | 8,503        | 8,733        | 8,928        |
| Total, offsetting collections (cash) .....                          |        | -1           |              |               |              |              |              |              |
| Total Special education (net) .....                                 | BA     | <b>2,294</b> | <b>6,110</b> | <b>13,498</b> | <b>8,614</b> | <b>8,806</b> | <b>9,002</b> | <b>9,203</b> |
|   | O      | 4,949        | 5,815        | 6,934         | 8,013        | 8,503        | 8,733        | 8,928        |
| Rehabilitation services and disability research:                    |        |              |              |               |              |              |              |              |
| Appropriation, discretionary .....                                  | 506 BA | <b>368</b>   | <b>406</b>   | <b>449</b>    | <b>459</b>   | <b>469</b>   | <b>480</b>   | <b>490</b>   |
| Appropriation, mandatory .....                                      | BA     | <b>2,339</b> | <b>2,400</b> | <b>2,481</b>  | <b>2,541</b> | <b>2,607</b> | <b>2,675</b> | <b>2,742</b> |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Spending authority from offsetting collections, discretionary               | BA     | 2              | 2        | 2      | 2      | 2      | 3      | 3      |
| Outlays   | O      | 2,758          | 2,861    | 2,892  | 2,977  | 3,052  | 3,131  | 3,209  |
| Rehabilitation services and disability research (gross)                     | BA     | 2,709          | 2,808    | 2,932  | 3,002  | 3,078  | 3,158  | 3,235  |
|   | O      | 2,758          | 2,861    | 2,892  | 2,977  | 3,052  | 3,131  | 3,209  |
| Total, offsetting collections (cash)  |        | -2             | -2       | -2     | -2     | -2     | -3     | -3     |
| Total Rehabilitation services and disability research (net)                 | BA     | 2,707          | 2,806    | 2,930  | 3,000  | 3,076  | 3,155  | 3,232  |
|   | O      | 2,756          | 2,859    | 2,890  | 2,975  | 3,050  | 3,128  | 3,206  |
| American Printing House for the Blind:                                      |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 501 BA | 10             | 12       | 12     | 12     | 13     | 13     | 13     |
| Outlays   | O      | 10             | 15       | 12     | 13     | 13     | 13     | 13     |
| National Technical Institute for the Deaf:                                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 502 BA | 48             | 53       | 53     | 54     | 55     | 56     | 57     |
| Outlays   | O      | 44             | 49       | 51     | 54     | 55     | 57     | 58     |
| Gallaudet University:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 502 BA | 86             | 89       | 89     | 91     | 93     | 95     | 97     |
| Outlays   | O      | 81             | 92       | 89     | 91     | 92     | 95     | 97     |
| Total Federal funds Office of Special Education and Rehabilitative Services | BA     | 5,145          | 9,070    | 16,582 | 11,771 | 12,043 | 12,321 | 12,602 |
|   | O      | 7,840          | 8,830    | 9,976  | 11,146 | 11,713 | 12,026 | 12,302 |

**Office of Vocational and Adult Education**

Federal funds

**General and Special Funds:**

Vocational and adult education:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary                                  | 501 BA | 891   | 1,035 | 1,802 | 1,842 | 1,883 | 1,925 | 1,968 |
| Advance appropriation, discretionary                          | BA     |       | 791   |       |       |       |       |       |
| Advance appropriation, mandatory                              | BA     |       |       | 791   |       |       |       |       |
| Spending authority from offsetting collections, discretionary | BA     | 2     |       |       |       |       |       |       |
| Outlays   | O      | 1,464 | 1,723 | 1,775 | 1,804 | 1,833 | 1,871 | 1,912 |
| Vocational and adult education (gross)                        | BA     | 893   | 1,826 | 2,593 | 1,842 | 1,883 | 1,925 | 1,968 |
|   | O      | 1,464 | 1,723 | 1,775 | 1,804 | 1,833 | 1,871 | 1,912 |
| Total, offsetting collections (cash)                          |        | -2    |       |       |       |       |       |       |
| Total Vocational and adult education (net)                    | BA     | 891   | 1,826 | 2,593 | 1,842 | 1,883 | 1,925 | 1,968 |
|   | O      | 1,462 | 1,723 | 1,775 | 1,804 | 1,833 | 1,871 | 1,912 |

**Office of Postsecondary Education**

Federal funds

**General and Special Funds:**

Higher education:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary                                  | 502 BA | 1,530 | 1,912 | 1,723 | 1,757 | 2,076 | 2,159 | 2,207 |
| Spending authority from offsetting collections, discretionary | BA     | 8     |       |       |       |       |       |       |
| Outlays   | O      | 1,099 | 1,559 | 1,777 | 1,740 | 1,781 | 1,992 | 2,111 |
| Higher education (gross)                                      | BA     | 1,538 | 1,912 | 1,723 | 1,757 | 2,076 | 2,159 | 2,207 |
|   | O      | 1,099 | 1,559 | 1,777 | 1,740 | 1,781 | 1,992 | 2,111 |
| Total, offsetting collections (cash)                          |        | -8    |       |       |       |       |       |       |
| Total Higher education (net)                                  | BA     | 1,530 | 1,912 | 1,723 | 1,757 | 2,076 | 2,159 | 2,207 |
|   | O      | 1,091 | 1,559 | 1,777 | 1,740 | 1,781 | 1,992 | 2,111 |

Howard University:

|                              |        |     |     |     |     |     |     |     |
|------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary | 502 BA | 219 | 232 | 232 | 237 | 242 | 248 | 253 |
| Outlays                      | O      | 210 | 232 | 232 | 237 | 242 | 248 | 253 |

**Credit Accounts:**

College housing and academic facilities loans program account:

|                              |        |   |   |   |   |   |   |   |
|------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary | 502 BA | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays                      | O      | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

College housing and academic facilities loans liquidating account:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, mandatory                                  | 502 BA |    | 7  | 2  | 2  | 1  | 1  | 1  |
| Spending authority from offsetting collections, mandatory | BA     | 59 | 53 | 48 | 46 | 43 | 35 | 15 |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |       |       |       |       |       |
|---|----|----------------|----------|-------|-------|-------|-------|-------|
|   |    |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Outlays .....   | O  | 17             | 20       | 15    | 14    | 13    | 12    | 12    |
| College housing and academic facilities loans liquidating account (gross) .....     | BA | 59             | 60       | 50    | 48    | 44    | 36    | 16    |
|   | O  | 17             | 20       | 15    | 14    | 13    | 12    | 12    |
| Total, offsetting collections (cash) .....  |    | -63            | -55      | -50   | -48   | -44   | -41   | -39   |
| Total College housing and academic facilities loans liquidating account (net) ..... | BA | -4             | 5        |       |       |       | -5    | -23   |
|   | O  | -46            | -35      | -35   | -34   | -31   | -29   | -27   |
| Total Federal funds Office of Postsecondary Education .....                         | BA | 1,746          | 2,150    | 1,956 | 1,995 | 2,319 | 2,403 | 2,438 |
|   | O  | 1,256          | 1,757    | 1,975 | 1,944 | 1,993 | 2,212 | 2,338 |

**Office of Student Financial Assistance**

Federal funds

**General and Special Funds:**

Student financial assistance:

|                                    |        |       |        |        |        |        |        |        |
|------------------------------------|--------|-------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary ..... | 502 BA | 9,375 | 10,674 | 11,674 | 11,934 | 12,343 | 12,618 | 12,900 |
| Outlays .....                      | O      | 9,060 | 10,061 | 11,158 | 11,728 | 12,030 | 12,401 | 12,681 |

**Public Enterprise Funds:**

Federal student loan reserve fund:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Spending authority from offsetting collections, mandatory ..... | 502 BA | 2,092 | 3,657 | 3,962 | 4,264 | 4,652 | 4,967 | 5,280 |
| Outlays .....   | O      | 1,953 | 3,560 | 3,903 | 4,253 | 4,624 | 4,984 | 5,305 |

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Federal student loan reserve fund (gross) ..... | BA | 2,092 | 3,657 | 3,962 | 4,264 | 4,652 | 4,967 | 5,280 |
|   | O  | 1,953 | 3,560 | 3,903 | 4,253 | 4,624 | 4,984 | 5,305 |

|  |  |        |        |        |        |        |        |        |
|--|--|--------|--------|--------|--------|--------|--------|--------|
| Total, offsetting collections (cash) ..... |  | -2,092 | -3,657 | -3,962 | -4,264 | -4,652 | -4,967 | -5,280 |
|--|--|--------|--------|--------|--------|--------|--------|--------|

|   |    |      |     |     |     |     |    |    |
|---|----|------|-----|-----|-----|-----|----|----|
| Total Federal student loan reserve fund (net) ..... | BA |      |     |     |     |     |    |    |
|   | O  | -139 | -97 | -59 | -11 | -28 | 17 | 25 |

**Credit Accounts:**

Federal direct student loan program program account:

|                                |        |     |       |            |     |     |     |     |
|--------------------------------|--------|-----|-------|------------|-----|-----|-----|-----|
| Appropriation, mandatory ..... | 502 BA | 735 | 1,929 | 780        | 794 | 795 | 795 | 796 |
|                                |        |     |       | <i>B 3</i> |     |     |     |     |
| Outlays .....                  | O      | 649 | 1,879 | 777        | 829 | 796 | 797 | 797 |
|                                |        |     |       | <i>B 3</i> |     |     |     |     |

|   |    |     |       |     |     |     |     |     |
|---|----|-----|-------|-----|-----|-----|-----|-----|
| Federal direct student loan program program account (gross) ..... | BA | 735 | 1,929 | 783 | 794 | 795 | 795 | 796 |
|   | O  | 649 | 1,879 | 780 | 829 | 796 | 797 | 797 |

|  |  |        |        |            |            |            |            |            |
|--|--|--------|--------|------------|------------|------------|------------|------------|
| Total, offsetting collections (cash) ..... |  | -3,511 | -2,321 | -1,416     | -1,278     | -861       | -893       | -990       |
|  |  |        |        | <i>B 1</i> | <i>B 2</i> | <i>B 2</i> | <i>B 2</i> | <i>B 2</i> |

|   |    |        |      |      |      |     |     |      |
|---|----|--------|------|------|------|-----|-----|------|
| Total Federal direct student loan program program account (net) ..... | BA | -2,776 | -392 | -632 | -482 | -64 | -96 | -192 |
|   | O  | -2,862 | -442 | -635 | -447 | -63 | -94 | -191 |

Federal family education loan program account:

|                                    |        |       |       |            |            |            |            |            |
|------------------------------------|--------|-------|-------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 502 BA | 48    | 48    | 50         | 51         | 52         | 53         | 55         |
| Appropriation, mandatory .....     | BA     | 4,576 | 3,852 | 4,218      | 3,701      | 3,027      | 3,177      | 3,332      |
|                                    |        |       |       | <i>B 8</i> | <i>B 4</i> | <i>B 4</i> | <i>B 4</i> | <i>B 4</i> |

|               |   |       |       |            |            |            |            |            |
|---------------|---|-------|-------|------------|------------|------------|------------|------------|
| Outlays ..... | O | 4,345 | 3,639 | 3,708      | 3,448      | 2,902      | 2,825      | 2,961      |
|               |   |       |       | <i>B 7</i> | <i>B 3</i> | <i>B 3</i> | <i>B 3</i> | <i>B 4</i> |

|   |    |       |       |       |       |       |       |       |
|---|----|-------|-------|-------|-------|-------|-------|-------|
| Federal family education loan program account (gross) ..... | BA | 4,624 | 3,900 | 4,276 | 3,756 | 3,083 | 3,234 | 3,391 |
|   | O  | 4,345 | 3,639 | 3,715 | 3,451 | 2,905 | 2,828 | 2,965 |

|  |  |  |        |  |  |  |  |  |
|--|--|--|--------|--|--|--|--|--|
| Total, offsetting collections (cash) ..... |  |  | -4,728 |  |  |  |  |  |
|--|--|--|--------|--|--|--|--|--|

|   |    |       |        |       |       |       |       |       |
|---|----|-------|--------|-------|-------|-------|-------|-------|
| Total Federal family education loan program account (net) ..... | BA | 4,624 | -828   | 4,276 | 3,756 | 3,083 | 3,234 | 3,391 |
|   | O  | 4,345 | -1,089 | 3,715 | 3,451 | 2,905 | 2,828 | 2,965 |

Federal family education loan liquidating account:

|   |        |     |     |     |     |    |    |    |
|---|--------|-----|-----|-----|-----|----|----|----|
| Appropriation, mandatory .....                                  | 502 BA | 96  |     |     |     |    |    |    |
| Spending authority from offsetting collections, mandatory ..... | BA     | 734 | 248 | 158 | 101 | 62 | 35 | 14 |
| Outlays .....   | O      | 383 | 290 | 158 | 101 | 62 | 35 | 14 |

|   |    |     |     |     |     |    |    |    |
|---|----|-----|-----|-----|-----|----|----|----|
| Federal family education loan liquidating account (gross) ..... | BA | 830 | 248 | 158 | 101 | 62 | 35 | 14 |
|   | O  | 383 | 290 | 158 | 101 | 62 | 35 | 14 |

**DEPARTMENT OF EDUCATION—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |        |        |        |        |        |
|---|----|----------------|----------|--------|--------|--------|--------|--------|
|   |    |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Total, offsetting collections (cash) .....                          |    | -2,018         | -990     | -762   | -567   | -402   | -274   | -181   |
| Total Federal family education loan liquidating account (net) ..... | BA | -1,188         | -742     | -604   | -466   | -340   | -239   | -167   |
|   | O  | -1,635         | -700     | -604   | -466   | -340   | -239   | -167   |
| Total Federal funds Office of Student Financial Assistance .....    | BA | 10,035         | 8,712    | 14,714 | 14,742 | 15,022 | 15,517 | 15,932 |
|   | O  | 8,769          | 7,733    | 13,575 | 14,255 | 14,504 | 14,913 | 15,313 |

**Office of Educational Research and Improvement**

*Federal funds*

**General and Special Funds:**

Education research, statistics, and assessment:

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 503 | BA | 591 | 722 | 273 | 279 | 285 | 292 | 298 |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 6   | 6   | 6   | 6   | 6   | 6   | 6   |
| Outlays .....   |     | O  | 563 | 725 | 644 | 368 | 294 | 294 | 300 |
|   |     |    |     |     | 29  | 90  | 112 | 115 | 118 |
| Education research, statistics, and assessment (gross) .....        |     | BA | 597 | 728 | 389 | 397 | 406 | 415 | 424 |
|   |     | O  | 563 | 725 | 673 | 458 | 406 | 409 | 418 |
| Total, offsetting collections (cash) .....                          |     |    | -6  | -6  | -6  | -6  | -6  | -6  | -6  |
|   |     |    |     |     | 1   | 1   | 1   | 1   | 1   |
| Total Education research, statistics, and assessment (net) .....    |     | BA | 591 | 722 | 382 | 390 | 399 | 408 | 417 |
|   |     | O  | 557 | 719 | 666 | 451 | 399 | 402 | 411 |

**Departmental Management**

*Federal funds*

**General and Special Funds:**

Program administration:

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 503 | BA | 384 | 412 | 424 | 434 | 443 | 453 | 463 |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 10  | 1   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   |     | O  | 367 | 434 | 415 | 431 | 441 | 442 | 452 |
| Program administration (gross) .....                                |     | BA | 394 | 413 | 425 | 435 | 444 | 454 | 464 |
|   |     | O  | 367 | 434 | 415 | 431 | 441 | 442 | 452 |
| Total, offsetting collections (cash) .....                          |     |    | -10 | -1  | -1  | -1  | -1  | -1  | -1  |
| Total Program administration (net) .....                            |     | BA | 384 | 412 | 424 | 434 | 443 | 453 | 463 |
|   |     | O  | 357 | 433 | 414 | 430 | 440 | 441 | 451 |

Office for Civil Rights:

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 751 | BA | 71 | 76 | 80 | 81 | 84 | 85 | 88 |
| Outlays .....                      |     | O  | 68 | 83 | 79 | 80 | 83 | 86 | 87 |

Office of the Inspector General:

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 751 | BA | 34 | 36 | 39 | 40 | 41 | 42 | 42 |
| Outlays .....                      |     | O  | 33 | 37 | 39 | 39 | 40 | 42 | 43 |

Headquarters renovation:

|               |     |   |  |   |  |  |  |  |  |
|---------------|-----|---|--|---|--|--|--|--|--|
| Outlays ..... | 503 | O |  | 3 |  |  |  |  |  |
|---------------|-----|---|--|---|--|--|--|--|--|

|   |  |    |     |     |     |     |     |     |     |
|---|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Departmental Management ..... |  | BA | 489 | 524 | 543 | 555 | 568 | 580 | 593 |
|   |  | O  | 458 | 556 | 532 | 549 | 563 | 569 | 581 |

**Summary**

Federal funds:

|  |     |      |        |        |        |        |        |        |        |
|--|-----|------|--------|--------|--------|--------|--------|--------|--------|
| (As shown in detail above) .....           |     | BA   | 32,309 | 40,338 | 64,594 | 50,827 | 52,201 | 53,567 | 54,818 |
|  |     | O    | 33,969 | 36,711 | 45,339 | 49,685 | 50,663 | 51,925 | 53,202 |
| Deductions for offsetting receipts:        |     |      |        |        |        |        |        |        |        |
| Proprietary receipts from the public ..... | 502 | BA/O | -69    | -59    | -109   | -62    | -78    | -34    | 143    |
| Total Department of Education .....        |     | BA   | 32,240 | 40,279 | 64,485 | 50,765 | 52,123 | 53,533 | 54,961 |
|  |     | O    | 33,900 | 36,652 | 45,230 | 49,623 | 50,585 | 51,891 | 53,345 |

## DEPARTMENT OF ENERGY

(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>National Nuclear Security Administration</b>                    |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>   |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                                  |        |                |          |        |        |        |        |        |
| Office of the Administrator:                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA |                | 10       | 15     | 15     | 16     | 16     | 16     |
| Outlays  | O      |                | 8        | 14     | 16     | 16     | 16     | 17     |
| Naval Reactors:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA |                | 688      | 688    | 703    | 719    | 735    | 751    |
| Outlays  | O      |                | 685      | 688    | 701    | 716    | 732    | 748    |
| Weapons activities:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 4,525          | 5,004    | 5,300  | 5,418  | 5,539  | 5,663  | 5,789  |
| Spending authority from offsetting collections, discretionary      | BA     | 1,351          | 1,131    | 1,231  | 1,350  | 1,350  | 1,350  | 1,350  |
| Outlays  | O      | 5,553          | 6,061    | 6,403  | 6,712  | 6,840  | 6,964  | 7,089  |
| Weapons activities (gross)   | BA     | 5,876          | 6,135    | 6,531  | 6,768  | 6,889  | 7,013  | 7,139  |
|  | O      | 5,553          | 6,061    | 6,403  | 6,712  | 6,840  | 6,964  | 7,089  |
| Change in uncollected customer payments from Federal sources       | BA     | -251           | 100      |        |        |        |        |        |
| Total, offsetting collections (cash)                               |        | -1,100         | -1,231   | -1,231 | -1,350 | -1,350 | -1,350 | -1,350 |
| Total Weapons activities (net)                                     | BA     | 4,525          | 5,004    | 5,300  | 5,418  | 5,539  | 5,663  | 5,789  |
|  | O      | 4,453          | 4,830    | 5,172  | 5,362  | 5,490  | 5,614  | 5,739  |
| Defense nuclear nonproliferation:                                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 36             | 872      | 774    | 791    | 809    | 827    | 845    |
| Outlays  | O      | 26             | 837      | 800    | 798    | 798    | 816    | 834    |
| Cerro Grande Fire Activities:                                      |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 138            | 203      |        |        |        |        |        |
| Outlays  | O      | 51             | 161      | 74     | 11     |        |        |        |
| Total Federal funds National Nuclear Security Administration       | BA     | 4,699          | 6,777    | 6,777  | 6,927  | 7,083  | 7,241  | 7,401  |
|  | O      | 4,530          | 6,521    | 6,748  | 6,888  | 7,020  | 7,178  | 7,338  |
| <b>Environmental and Other Defense Activities</b>                  |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>   |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                                  |        |                |          |        |        |        |        |        |
| Defense environmental restoration and waste management:            |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 4,463          | 4,963    | 4,549  | 4,650  | 4,754  | 4,860  | 4,969  |
| Spending authority from offsetting collections, discretionary      | BA     | 9              | 50       |        |        |        |        |        |
| Outlays  | O      | 4,435          | 4,801    | 4,680  | 4,640  | 4,718  | 4,823  | 4,931  |
| Defense environmental restoration and waste management (gross)     | BA     | 4,472          | 5,013    | 4,549  | 4,650  | 4,754  | 4,860  | 4,969  |
|  | O      | 4,435          | 4,801    | 4,680  | 4,640  | 4,718  | 4,823  | 4,931  |
| Total, offsetting collections (cash)                               |        | -9             | -50      |        |        |        |        |        |
| Total Defense environmental restoration and waste management (net) | BA     | 4,463          | 4,963    | 4,549  | 4,650  | 4,754  | 4,860  | 4,969  |
|  | O      | 4,426          | 4,751    | 4,680  | 4,640  | 4,718  | 4,823  | 4,931  |
| Defense facilities closure projects:                               |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 1,060          | 1,081    | 1,051  | 1,074  | 1,098  | 1,123  | 1,148  |
| Outlays  | O      | 1,092          | 1,004    | 1,055  | 1,069  | 1,090  | 1,114  | 1,140  |
| Defense environmental management privatization:                    |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 188            | -32      | 142    | 145    | 148    | 152    | 155    |
| Outlays  | O      | 108            | 250      | 134    | 77     | 101    | 123    | 102    |
| Other defense activities:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 1,748          | 585      | 528    | 540    | 552    | 564    | 577    |
| Outlays  | O      | 1,769          | 521      | 542    | 619    | 631    | 643    | 574    |
| Defense nuclear waste disposal:                                    |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                       | 053 BA | 112            | 125      | 310    | 317    | 324    | 331    | 339    |
| Outlays  | O      | 106            | 159      | 283    | 316    | 322    | 329    | 337    |
| Total Federal funds Environmental and Other Defense Activities     | BA     | 7,571          | 6,722    | 6,580  | 6,726  | 6,876  | 7,030  | 7,188  |
|  | O      | 7,501          | 6,685    | 6,694  | 6,721  | 6,862  | 7,032  | 7,084  |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>Energy Programs</b>  |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>                             |        |                |          |        |        |        |        |        |
| Science:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 251 BA | 2,813          | 3,179    | 3,160  | 3,230  | 3,303  | 3,376  | 3,451  |
| Outlays   | O      | 2,778          | 2,993    | 3,160  | 3,203  | 3,265  | 3,339  | 3,413  |
| Energy supply:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA | 639            | 660      | 505    | 516    | 528    | 540    | 552    |
| Appropriation, mandatory                                      | BA     | 5              |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary | BA     | 822            | 1,352    | 1,350  | 1,350  | 1,350  | 1,350  | 1,350  |
| Outlays   | O      | 1,491          | 2,007    | 1,969  | 1,883  | 1,869  | 1,882  | 1,893  |
| Energy supply (gross)   | BA     | 1,466          | 2,012    | 1,855  | 1,866  | 1,878  | 1,890  | 1,902  |
|   | O      | 1,491          | 2,007    | 1,969  | 1,883  | 1,869  | 1,882  | 1,893  |
| Change in uncollected customer payments from Federal sources  | BA     | -23            |          |        |        |        |        |        |
| Total, offsetting collections (cash)                          |        | -799           | -1,352   | -1,350 | -1,350 | -1,350 | -1,350 | -1,350 |
| Total Energy supply (net)                                     | BA     | 644            | 660      | 505    | 516    | 528    | 540    | 552    |
|   | O      | 692            | 655      | 619    | 533    | 519    | 532    | 543    |
| Non-defense environmental management:                         |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA | 332            | 277      | 229    | 234    | 239    | 245    | 250    |
| Outlays   | O      | 354            | 299      | 245    | 235    | 238    | 243    | 248    |
| Uranium Facilities Maintenance and Remediation:               |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA |                | 392      | 363    | 371    | 379    | 388    | 396    |
| Outlays   | O      |                | 408      | 350    | 360    | 375    | 383    | 394    |
| Fossil energy research and development:                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA | 409            | 447      | 449    | 459    | 469    | 480    | 490    |
| Outlays   | O      | 360            | 419      | 478    | 528    | 498    | 472    | 482    |
| Naval petroleum and oil shale reserves:                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA |                | 2        | 17     | 17     | 18     | 18     | 19     |
| Outlays   | O      | 27             | 28       | 17     | 16     | 18     | 18     | 19     |
| Energy conservation:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 272 BA | 737            | 815      | 795    | 923    | 948    | 972    | 997    |
| Spending authority from offsetting collections, discretionary | BA     | 1              |          |        |        |        |        |        |
| Outlays   | O      | 667            | 743      | 798    | 837    | 911    | 952    | 976    |
| Energy conservation (gross)                                   | BA     | 738            | 815      | 795    | 923    | 948    | 972    | 997    |
|   | O      | 667            | 743      | 798    | 837    | 911    | 952    | 976    |
| Total, offsetting collections (cash)                          |        | -1             |          |        |        |        |        |        |
| Total Energy conservation (net)                               | BA     | 737            | 815      | 795    | 923    | 948    | 972    | 997    |
|   | O      | 666            | 743      | 798    | 837    | 911    | 952    | 976    |
| Strategic petroleum reserve:                                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 274 BA | 158            | 165      | 169    | 173    | 177    | 181    | 185    |
| Outlays   | O      | 162            | 162      | 167    | 171    | 174    | 178    | 183    |
| SPR petroleum account:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 274 BA |                | -16      |        |        |        |        |        |
| Energy information administration:                            |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 276 BA | 72             | 76       | 75     | 77     | 78     | 80     | 82     |
| Outlays   | O      | 68             | 74       | 75     | 77     | 78     | 79     | 81     |
| Economic regulation:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 276 BA | 2              | 2        | 2      | 2      | 2      | 2      | 2      |
| Outlays   | O      | 2              | 2        | 2      | 2      | 2      | 2      | 2      |
| Federal Energy Regulatory Commission:                         |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary | 276 BA | 175            | 175      | 181    | 183    | 187    | 191    | 198    |
| Outlays   | O      | 167            | 175      | 180    | 183    | 186    | 190    | 197    |
| Federal Energy Regulatory Commission (gross)                  | BA     | 175            | 175      | 181    | 183    | 187    | 191    | 198    |
|   | O      | 167            | 175      | 180    | 183    | 186    | 190    | 197    |
| Total, offsetting collections (cash)                          |        | -175           | -175     | -181   | -183   | -187   | -191   | -198   |
| Total Federal Energy Regulatory Commission (net)              | BA     |                |          |        |        |        |        |        |
|   | O      | -8             |          | -1     |        | -1     | -1     | -1     |
| Geothermal resources development fund:                        |        |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 271 BA | -1             |          |        |        |        |        |        |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |           | 2000<br>actual | estimate   |           |            |            |            |           |
|---|-----------|----------------|------------|-----------|------------|------------|------------|-----------|
|   |           |                | 2001       | 2002      | 2003       | 2004       | 2005       | 2006      |
| <b>Clean coal technology:</b>                                       |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    | -156           | -67        |           |            |            |            |           |
| Advance appropriation, discretionary                                | BA        | 10             | 171        | 82        |            |            |            |           |
| Outlays   | O         | 52             | 75         | 75        | 135        | 100        | 100        | 65        |
| <b>Total Clean coal technology</b>                                  | <b>BA</b> | <b>-146</b>    | <b>104</b> | <b>82</b> |            |            |            |           |
|   | <b>O</b>  | <b>52</b>      | <b>75</b>  | <b>75</b> | <b>135</b> | <b>100</b> | <b>100</b> | <b>65</b> |
| <b>Alternative fuels production:</b>                                |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    |                | -1         | -8        |            |            |            |           |
| <b>Elk Hills school lands fund:</b>                                 |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    |                |            | 36        | 37         | 38         | 38         | 39        |
| Advance appropriation, discretionary                                | BA        |                | 36         |           |            |            |            |           |
| Advance appropriation, mandatory                                    | BA        |                |            | 36        |            |            |            |           |
| Outlays   | O         |                | 36         | 72        | 37         | 38         | 38         | 39        |
| <b>Total Elk Hills school lands fund</b>                            | <b>BA</b> |                | <b>36</b>  | <b>72</b> | <b>37</b>  | <b>38</b>  | <b>38</b>  | <b>39</b> |
|   | <b>O</b>  |                | <b>36</b>  | <b>72</b> | <b>37</b>  | <b>38</b>  | <b>38</b>  | <b>39</b> |
| <b>Arctic National Wildlife Refuge, alternative energy:</b>         |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    |                |            |           |            | 150        | 170        | 200       |
| Outlays   | O         |                |            |           |            | 68         | 137        | 181       |
| <b>Payments to States under Federal Power Act:</b>                  |           |                |            |           |            |            |            |           |
| Appropriation, mandatory  | 806 BA    | 3              | 3          | 3         | 3          | 3          | 3          | 3         |
| Outlays   | O         | 3              | 3          | 3         | 3          | 3          | 3          | 3         |
| <b>Nuclear waste disposal:</b>                                      |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    | 236            | 191        | 135       | 138        | 141        | 144        | 147       |
| Outlays   | O         | 268            | 173        | 164       | 137        | 140        | 143        | 146       |
| <b>Uranium enrichment decontamination and decommissioning fund:</b> |           |                |            |           |            |            |            |           |
| Appropriation, discretionary  | 271 BA    | 307            |            |           |            |            |            |           |
| Outlays   | O         | 243            |            |           |            |            |            |           |
| <b>Public Enterprise Funds:</b>                                     |           |                |            |           |            |            |            |           |
| <b>Isotope production and distribution program fund:</b>            |           |                |            |           |            |            |            |           |
| Spending authority from offsetting collections, discretionary       | 271 BA    | 27             | 27         | 27        | 27         | 27         | 27         | 27        |
| Outlays   | O         | 27             | 27         | 27        | 27         | 27         | 27         | 27        |
| Isotope production and distribution program fund (gross)            | BA        | 27             | 27         | 27        | 27         | 27         | 27         | 27        |
|   | O         | 27             | 27         | 27        | 27         | 27         | 27         | 27        |
| Total, offsetting collections (cash)                                |           | -27            | -27        | -27       | -27        | -27        | -27        | -27       |
| Total Isotope production and distribution program fund (net)        | BA        |                |            |           |            |            |            |           |
|   | O         |                |            |           |            |            |            |           |
| <b>Trust funds</b>  |           |                |            |           |            |            |            |           |
| <b>Advances for cooperative work:</b>                               |           |                |            |           |            |            |            |           |
| Outlays   | 271 O     | 1              |            |           |            |            |            |           |
| Total Federal funds Energy Programs                                 | BA        | 5,566          | 6,332      | 6,048     | 6,180      | 6,473      | 6,637      | 6,813     |
|   | O         | 5,667          | 6,070      | 6,224     | 6,274      | 6,426      | 6,618      | 6,774     |
| Total Trust funds Energy Programs                                   | O         | 1              |            |           |            |            |            |           |

**Power Marketing Administration**

Federal funds

**General and Special Funds:**

Operation and maintenance, Southeastern Power Administration:

|   |        |    |    |    |    |    |   |   |
|---|--------|----|----|----|----|----|---|---|
| Appropriation, discretionary                                  | 271 BA | 8  | 4  | 5  | 5  | 5  | 5 | 5 |
| Spending authority from offsetting collections, discretionary | BA     | 28 | 34 | 34 | 20 | 15 |   |   |
| Outlays   | O      | 38 | 39 | 39 | 25 | 20 | 5 | 5 |

|  |    |    |    |    |    |    |   |   |
|--|----|----|----|----|----|----|---|---|
| Operation and maintenance, Southeastern Power Administration (gross) | BA | 36 | 38 | 39 | 25 | 20 | 5 | 5 |
|  | O  | 38 | 39 | 39 | 25 | 20 | 5 | 5 |

|                                      |  |     |     |     |     |     |  |  |
|--------------------------------------|--|-----|-----|-----|-----|-----|--|--|
| Total, offsetting collections (cash) |  | -28 | -34 | -34 | -20 | -15 |  |  |
|--------------------------------------|--|-----|-----|-----|-----|-----|--|--|

|  |    |    |   |   |   |   |   |   |
|--|----|----|---|---|---|---|---|---|
| Total Operation and maintenance, Southeastern Power Administration (net) | BA | 8  | 4 | 5 | 5 | 5 | 5 | 5 |
|  | O  | 10 | 5 | 5 | 5 | 5 | 5 | 5 |

Operation and maintenance, Southwestern Power Administration:

|                              |        |    |    |    |    |    |    |    |
|------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 271 BA | 29 | 28 | 28 | 29 | 29 | 30 | 31 |
|------------------------------|--------|----|----|----|----|----|----|----|

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Spending authority from offsetting collections, discretionary .....  | BA     | 9              | 12       | 15     | 12     | 12     | 12     | 12     |
| Outlays .....  | O      | 36             | 40       | 43     | 41     | 41     | 42     | 42     |
| Operation and maintenance, Southwestern Power Administration (gross) .....                                   | BA     | 38             | 40       | 43     | 41     | 41     | 42     | 43     |
|  | O      | 36             | 40       | 43     | 41     | 41     | 42     | 42     |
| Total, offsetting collections (cash) .....   |        | -9             | -12      | -15    | -12    | -12    | -12    | -12    |
| Total Operation and maintenance, Southwestern Power Administration (net) .....                               | BA     | 29             | 28       | 28     | 29     | 29     | 30     | 31     |
|  | O      | 27             | 28       | 28     | 29     | 29     | 30     | 30     |
| Continuing fund, Southeastern Power Administration:  |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....   | 271 BA | 9              |          |        |        |        |        |        |
| Outlays .....  | O      | 6              | 5        |        |        |        |        |        |
| Construction, rehabilitation, operation and maintenance, Western Area Power Administration:                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 271 BA | 193            | 166      | 169    | 173    | 177    | 181    | 185    |
| Spending authority from offsetting collections, discretionary .....  | BA     | 132            | 216      | 600    | 181    | 171    | 151    | 151    |
| Outlays .....  | O      | 332            | 417      | 767    | 352    | 345    | 329    | 333    |
| Construction, rehabilitation, operation and maintenance, Western Area Power Administration (gross) .....     | BA     | 325            | 382      | 769    | 354    | 348    | 332    | 336    |
|  | O      | 332            | 417      | 767    | 352    | 345    | 329    | 333    |
| Change in uncollected customer payments from Federal sources .....   | BA     | 9              |          |        |        |        |        |        |
| Total, offsetting collections (cash) .....   |        | -141           | -216     | -600   | -181   | -171   | -151   | -151   |
| Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration (net) ..... | BA     | 193            | 166      | 169    | 173    | 177    | 181    | 185    |
|  | O      | 191            | 201      | 167    | 171    | 174    | 178    | 182    |
| Falcon and Amistad operating and maintenance fund:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....   | 271 BA | 1              | 3        | 3      | 3      | 3      | 3      | 3      |
| Outlays .....  | O      | 1              | 2        | 3      | 3      | 3      | 3      | 3      |
| <b>Public Enterprise Funds:</b>  |        |                |          |        |        |        |        |        |
| Bonneville Power Administration fund:  |        |                |          |        |        |        |        |        |
| Authority to borrow, mandatory .....   | 271 BA | 193            | -29      | 167    | 130    | 41     | 112    | 88     |
| Spending authority from offsetting collections, mandatory .....  | BA     | 2,781          | 2,683    | 2,780  | 2,918  | 2,877  | 2,823  | 2,892  |
| Outlays .....  | O      | 2,772          | 2,487    | 2,875  | 3,048  | 2,918  | 2,935  | 2,980  |
| Bonneville Power Administration fund (gross) .....   | BA     | 2,974          | 2,654    | 2,947  | 3,048  | 2,918  | 2,935  | 2,980  |
|  | O      | 2,772          | 2,487    | 2,875  | 3,048  | 2,918  | 2,935  | 2,980  |
| Total, offsetting collections (cash) .....   |        | -3,072         | -2,822   | -3,019 | -3,133 | -3,115 | -3,123 | -3,176 |
| Total Bonneville Power Administration fund (net) .....   | BA     | -98            | -168     | -72    | -85    | -197   | -188   | -196   |
|  | O      | -300           | -335     | -144   | -85    | -197   | -188   | -196   |
| Colorado river basins power marketing fund, Western Area Power Administration:                               |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary .....  | 271 BA | 148            | 115      | 276    | 102    | 102    | 102    | 102    |
| Outlays .....  | O      | 168            | 115      | 276    | 102    | 102    | 102    | 102    |
| Colorado river basins power marketing fund, Western Area Power Administration (gross) .....                  | BA     | 148            | 115      | 276    | 102    | 102    | 102    | 102    |
|  | O      | 168            | 115      | 276    | 102    | 102    | 102    | 102    |
| Total, offsetting collections (cash) .....   |        | -148           | -136     | -302   | -123   | -123   | -123   | -123   |
| Total Colorado river basins power marketing fund, Western Area Power Administration (net) .....              | BA     |                | -21      | -26    | -21    | -21    | -21    | -21    |
|  | O      | 20             | -21      | -26    | -21    | -21    | -21    | -21    |
| Total Federal funds Power Marketing Administration .....   | BA     | 142            | 12       | 107    | 104    | -4     | 10     | 7      |
|  | O      | -45            | -115     | 33     | 102    | -7     | 7      | 3      |

**Departmental Administration**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Departmental administration:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 276 BA | 116 | 75  | 84  | 86  | 88  | 90  | 92  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 90  | 151 | 138 | 138 | 151 | 151 | 151 |

**DEPARTMENT OF ENERGY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....   | O      | 220            | 213        | 222        | 256        | 236        | 240        | 243        |
| Departmental administration (gross) .....                           | BA     | <b>206</b>     | <b>226</b> | <b>222</b> | <b>224</b> | <b>239</b> | <b>241</b> | <b>243</b> |
|   | O      | 220            | 213        | 222        | 256        | 236        | 240        | 243        |
| Total, offsetting collections (cash) .....                          |        | -90            | -151       | -138       | -143       | -151       | -151       | -151       |
| Total Departmental administration (net) .....                       | BA     | <b>116</b>     | <b>75</b>  | <b>84</b>  | <b>81</b>  | <b>88</b>  | <b>90</b>  | <b>92</b>  |
|   | O      | 130            | 62         | 84         | 113        | 85         | 89         | 92         |
| Office of the Inspector General:                                    |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 276 BA | 30             | 32         | 31         | 32         | 32         | 33         | 34         |
| Outlays .....   | O      | 30             | 31         | 31         | 32         | 33         | 33         | 34         |
| <b>Intragovernmental Funds:</b>                                     |        |                |            |            |            |            |            |            |
| Working capital fund:   |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | 276 BA | 86             | 83         | 86         | 86         | 88         | 90         | 92         |
| Outlays .....   | O      | 82             | 83         | 86         | 86         | 87         | 90         | 92         |
| Working capital fund (gross) .....                                  | BA     | <b>86</b>      | <b>83</b>  | <b>86</b>  | <b>86</b>  | <b>88</b>  | <b>90</b>  | <b>92</b>  |
|   | O      | 82             | 83         | 86         | 86         | 87         | 90         | 92         |
| Total, offsetting collections (cash) .....                          |        | -86            | -83        | -86        | -86        | -88        | -90        | -92        |
| Total Working capital fund (net) .....                              | BA     |                |            |            |            |            |            |            |
|   | O      | -4             |            |            |            | -1         |            |            |
| Total Federal funds Departmental Administration .....               | BA     | <b>146</b>     | <b>107</b> | <b>115</b> | <b>113</b> | <b>120</b> | <b>123</b> | <b>126</b> |
|   | O      | 156            | 93         | 115        | 145        | 117        | 122        | 126        |

**Summary**

|  |          |               |               |               |               |               |               |               |
|--|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Federal funds:                             |          |               |               |               |               |               |               |               |
| (As shown in detail above) .....           | BA       | <b>18,124</b> | <b>19,950</b> | <b>19,627</b> | <b>20,050</b> | <b>20,548</b> | <b>21,041</b> | <b>21,535</b> |
|  | O        | 17,809        | 19,254        | 19,814        | 20,130        | 20,418        | 20,957        | 21,325        |
| Deductions for offsetting receipts:        |          |               |               |               |               |               |               |               |
| Intrafund transactions .....               | 271 BA/O | -420          | -419          | -420          | -442          | -454          | -466          | -478          |
|  | 908 BA/O | -1,007        | -771          | -855          | -938          | -1,018        | -1,098        | -1,176        |
| Proprietary receipts from the public ..... | 271 BA/O | -1,352        | -1,300        | -1,268        | -1,255        | -1,216        | -1,218        | -1,224        |
|  | 276 BA/O | -3            |               |               |               |               |               |               |
| Offsetting governmental receipts .....     | 276 BA/O | -18           | -25           | -26           | -27           | -27           | -28           | -29           |
| Total Federal funds .....                  | BA       | <b>15,324</b> | <b>17,435</b> | <b>17,058</b> | <b>17,388</b> | <b>17,833</b> | <b>18,231</b> | <b>18,628</b> |
|  | O        | 15,009        | 16,739        | 17,245        | 17,468        | 17,703        | 18,147        | 18,418        |
| Trust funds:                               |          |               |               |               |               |               |               |               |
| (As shown in detail above) .....           | O        | 1             |               |               |               |               |               |               |
| Total Department of Energy .....           | BA       | <b>15,324</b> | <b>17,435</b> | <b>17,058</b> | <b>17,388</b> | <b>17,833</b> | <b>18,231</b> | <b>18,628</b> |
|  | O        | 15,010        | 16,739        | 17,245        | 17,468        | 17,703        | 18,147        | 18,418        |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| <b>Health Programs</b>  |        |                |              |              |              |              |              |              |
| <b>Public Health Service</b>  |        |                |              |              |              |              |              |              |
| <i>Food and Drug Administration</i>                                 |        |                |              |              |              |              |              |              |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                   |        |                |              |              |              |              |              |              |
| Salaries and expenses:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 554 BA | <b>1,049</b>   | <b>1,121</b> | <b>1,211</b> | <b>1,238</b> | <b>1,265</b> | <b>1,294</b> | <b>1,322</b> |
| Appropriation, mandatory .....                                      | BA     | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
| Spending authority from offsetting collections, discretionary ..... | BA     | 179            | 196          | 218          | 227          | 236          | 245          | 254          |
|   |        |                |              | 20           | 21           | 22           | 23           | 24           |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate     |              |              |              |              |              |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....  | O      | 1,205          | 1,294        | 1,392<br>/20 | 1,448<br>/21 | 1,491<br>/22 | 1,529<br>/23 | 1,563<br>/24 |
| Salaries and expenses (gross) .....                                    | BA     | <b>1,229</b>   | <b>1,318</b> | <b>1,450</b> | <b>1,487</b> | <b>1,524</b> | <b>1,563</b> | <b>1,601</b> |
|  | O      | 1,205          | 1,294        | 1,412        | 1,469        | 1,513        | 1,552        | 1,587        |
| Change in uncollected customer payments from Federal sources .....     | BA     | -2             |              |              | -3           | -3           | -3           | -3           |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 5              |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                             |        | -182           | -196         | -218<br>/20  | -227<br>/21  | -236<br>/22  | -245<br>/23  | -254<br>/24  |
| Total Salaries and expenses (net) .....                                | BA     | <b>1,050</b>   | <b>1,122</b> | <b>1,212</b> | <b>1,236</b> | <b>1,263</b> | <b>1,292</b> | <b>1,320</b> |
|  | O      | 1,023          | 1,098        | 1,174        | 1,221        | 1,255        | 1,284        | 1,309        |
| <b>Public Enterprise Funds:</b>  |        |                |              |              |              |              |              |              |
| Revolving fund for certification and other services:                   |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....        | 554 BA | 4              | 4            | 5            | 4            | 4            | 4            | 4            |
| Outlays .....  | O      | 4              | 4            | 5            | 4            | 4            | 4            | 4            |
| Revolving fund for certification and other services (gross) .....      | BA     | 4              | 4            | 5            | 4            | 4            | 4            | 4            |
|  | O      | 4              | 4            | 5            | 4            | 4            | 4            | 4            |
| Total, offsetting collections (cash) .....                             |        | -4             | -4           | -5           | -4           | -4           | -4           | -4           |
| Total Revolving fund for certification and other services (net) .....  | BA     |                |              |              |              |              |              |              |
|  | O      |                |              |              |              |              |              |              |
| Total Federal funds Food and Drug Administration .....                 | BA     | <b>1,050</b>   | <b>1,122</b> | <b>1,212</b> | <b>1,236</b> | <b>1,263</b> | <b>1,292</b> | <b>1,320</b> |
|  | O      | 1,023          | 1,098        | 1,174        | 1,221        | 1,255        | 1,284        | 1,309        |

*Health Resources and Services Administration*

*Federal funds*

**General and Special Funds:**

|  |        |    |            |  |  |  |  |  |
|--|--------|----|------------|--|--|--|--|--|
| Vaccine injury compensation:                     |        |    |            |  |  |  |  |  |
| Outlays .....                                    | 551 O  | 75 | 33         |  |  |  |  |  |
| Payment to the Ricky Ray hemophilia relief fund: |        |    |            |  |  |  |  |  |
| Appropriation, mandatory .....                   | 551 BA |    | <b>580</b> |  |  |  |  |  |
| Outlays .....                                    | O      |    | 580        |  |  |  |  |  |

**Public Enterprise Funds:**

|   |        |          |          |          |  |  |  |  |
|---|--------|----------|----------|----------|--|--|--|--|
| Medical facilities guarantee and loan fund:                     |        |          |          |          |  |  |  |  |
| Appropriation, mandatory .....                                  | 551 BA | 1        |          |          |  |  |  |  |
| Spending authority from offsetting collections, mandatory ..... | BA     | 5        | 5        | 4        |  |  |  |  |
| Outlays .....   | O      | 1        |          |          |  |  |  |  |
| Medical facilities guarantee and loan fund (gross) .....        | BA     | <b>6</b> | <b>5</b> | <b>4</b> |  |  |  |  |
|   | O      | 1        |          |          |  |  |  |  |
| Total, offsetting collections (cash) .....                      |        | -5       | -5       | -4       |  |  |  |  |
| Total Medical facilities guarantee and loan fund (net) .....    | BA     | <b>1</b> |          |          |  |  |  |  |
|   | O      | -4       | -5       | -4       |  |  |  |  |

**Credit Accounts:**

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Health resources and services  |        |              |              |              |              |              |              |              |
| (Health care services):  |        |              |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                     | 551 BA | 4,225        | 4,961        | 4,642        | 4,820        | 5,045        | 5,302        | 5,561        |
| (Appropriation, mandatory) .....   | BA     | 54           | 50           | 50           |              |              |              |              |
| (Advance appropriation, discretionary) .....                             | BA     |              | 20           | 30           |              |              |              |              |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 105          | 120          | 108          | 108          | 108          | 108          | 108          |
| (Spending authority from offsetting collections, mandatory) .....        | BA     | 1            | 4            | 8            | 8            | 8            | 8            | 8            |
| (Outlays) .....  | O      | 3,978        | 4,383        | 4,799        | 4,854        | 5,006        | 5,235        | 5,467        |
| (Limitation on loan guarantee commitments) .....                         |        | (5)          | (32)         | (21)         | (21)         | (22)         | (22)         | (23)         |
| Health resources and services (gross) .....                              | BA     | <b>4,385</b> | <b>5,155</b> | <b>4,838</b> | <b>4,936</b> | <b>5,161</b> | <b>5,418</b> | <b>5,677</b> |
|  | O      | 3,978        | 4,383        | 4,799        | 4,854        | 5,006        | 5,235        | 5,467        |
| (Change in uncollected customer payments from Federal sources) .....     | BA     | 31           | 53           |              |              |              |              |              |
| (Adjustment to uncollected customer payments from Federal sources) ..... | BA     | -41          | -53          |              |              |              |              |              |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Total, offsetting collections (cash) .....                              |        | -94            | -124         | -116         | -116         | -116         | -116         | -116         |
| Total (Health care services) (net) .....                                | BA     | <b>4,281</b>   | <b>5,031</b> | <b>4,722</b> | <b>4,820</b> | <b>5,045</b> | <b>5,302</b> | <b>5,561</b> |
|   | O      | 3,884          | 4,259        | 4,683        | 4,738        | 4,890        | 5,119        | 5,351        |
| <i>(Health research and training):</i>                                  |        |                |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                    | 552 BA | 343            | 589          | 341          | 349          | 356          | 364          | 372          |
| (Spending authority from offsetting collections, discretionary) .....   | BA     | 23             | 25           | 25           | 25           | 25           | 25           | 25           |
| (Outlays) .....   | O      | 353            | 447          | 480          | 392          | 384          | 388          | 391          |
| Health resources and services (gross) .....                             | BA     | <b>4,647</b>   | <b>5,645</b> | <b>5,088</b> | <b>5,194</b> | <b>5,426</b> | <b>5,691</b> | <b>5,958</b> |
|   | O      | 4,237          | 4,706        | 5,163        | 5,130        | 5,274        | 5,507        | 5,742        |
| Total, offsetting collections (cash) .....                              |        | -25            | -25          | -25          | -25          | -25          | -25          | -25          |
| Total (Health research and training) (net) .....                        | BA     | <b>341</b>     | <b>589</b>   | <b>341</b>   | <b>349</b>   | <b>356</b>   | <b>364</b>   | <b>372</b>   |
|   | O      | 328            | 422          | 455          | 367          | 359          | 363          | 366          |
| Total Health resources and services .....                               | BA     | <b>4,622</b>   | <b>5,620</b> | <b>5,063</b> | <b>5,169</b> | <b>5,401</b> | <b>5,666</b> | <b>5,933</b> |
|   | O      | 4,212          | 4,681        | 5,138        | 5,105        | 5,249        | 5,482        | 5,717        |
| <i>Health education assistance loans program account:</i>               |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 552 BA | 4              | 4            | 4            | 4            | 4            | 4            | 4            |
| Appropriation, mandatory .....  | BA     | .....          | 9            | .....        | .....        | .....        | .....        | .....        |
| Outlays .....   | O      | 4              | 14           | 4            | 4            | 4            | 4            | 4            |
| Total Health education assistance loans program account .....           | BA     | <b>4</b>       | <b>13</b>    | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     |
|   | O      | 4              | 14           | 4            | 4            | 4            | 4            | 4            |
| <i>Health education assistance loans liquidating account:</i>           |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 552 BA | 32             | 10           | 10           | 9            | 7            | 5            | 4            |
| Spending authority from offsetting collections, mandatory .....         | BA     | 20             | 20           | 20           | 20           | 20           | 20           | 20           |
| Outlays .....   | O      | 18             | 52           | 30           | 29           | 27           | 25           | 24           |
| Health education assistance loans liquidating account (gross) .....     | BA     | <b>52</b>      | <b>30</b>    | <b>30</b>    | <b>29</b>    | <b>27</b>    | <b>25</b>    | <b>24</b>    |
|   | O      | 18             | 52           | 30           | 29           | 27           | 25           | 24           |
| Total, offsetting collections (cash) .....                              |        | -20            | -20          | -20          | -20          | -20          | -20          | -20          |
| Total Health education assistance loans liquidating account (net) ..... | BA     | <b>32</b>      | <b>10</b>    | <b>10</b>    | <b>9</b>     | <b>7</b>     | <b>5</b>     | <b>4</b>     |
|   | O      | -2             | 32           | 10           | 9            | 7            | 5            | 4            |
| <i>Trust funds</i>  |        |                |              |              |              |              |              |              |
| <i>Vaccine injury compensation program trust fund:</i>                  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 551 BA | 10             | 10           | 10           | 10           | 10           | 11           | 11           |
| Appropriation, mandatory .....  | BA     | 58             | 114          | 115          | 115          | 115          | 115          | 115          |
| Outlays .....   | O      | 68             | 124          | 125          | 125          | 125          | 126          | 126          |
| Total Vaccine injury compensation program trust fund .....              | BA     | <b>68</b>      | <b>124</b>   | <b>125</b>   | <b>125</b>   | <b>125</b>   | <b>126</b>   | <b>126</b>   |
|   | O      | 68             | 124          | 125          | 125          | 125          | 126          | 126          |
| <i>Ricky Ray hemophilia relief fund:</i>                                |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                      | 551 BA | 75             | .....        | .....        | .....        | .....        | .....        | .....        |
| Appropriation, mandatory .....  | BA     | .....          | 580          | .....        | .....        | .....        | .....        | .....        |
| Outlays .....   | O      | 33             | 375          | 244          | 3            | .....        | .....        | .....        |
| Total Ricky Ray hemophilia relief fund .....                            | BA     | <b>75</b>      | <b>580</b>   | .....        | .....        | .....        | .....        | .....        |
|   | O      | 33             | 375          | 244          | 3            | .....        | .....        | .....        |
| Total Federal funds Health Resources and Services Administration .....  | BA     | <b>4,659</b>   | <b>6,223</b> | <b>5,077</b> | <b>5,182</b> | <b>5,412</b> | <b>5,675</b> | <b>5,941</b> |
|   | O      | 4,285          | 5,335        | 5,148        | 5,118        | 5,260        | 5,491        | 5,725        |
| Total Trust funds Health Resources and Services Administration .....    | BA     | <b>143</b>     | <b>704</b>   | <b>125</b>   | <b>125</b>   | <b>125</b>   | <b>126</b>   | <b>126</b>   |
|   | O      | 101            | 499          | 369          | 128          | 125          | 126          | 126          |

*Indian Health Services*  
*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| <i>Indian Health Services:</i>                                      |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 551 BA | 2,074 | 2,266 | 2,387 | 2,440 | 2,495 | 2,550 | 2,607 |
| Appropriation, mandatory .....                                      | BA     | 30    | 100   | 100   | 100   | ..... | ..... | ..... |
| Spending authority from offsetting collections, discretionary ..... | BA     | 639   | 707   | 736   | 736   | 736   | 736   | 736   |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....   | O      | 2,701          | 2,937        | 3,230        | 3,252        | 3,251        | 3,280        | 3,335        |
| Indian Health Services (gross) .....                                | BA     | <b>2,743</b>   | <b>3,073</b> | <b>3,223</b> | <b>3,276</b> | <b>3,231</b> | <b>3,286</b> | <b>3,343</b> |
|   | O      | 2,701          | 2,937        | 3,230        | 3,252        | 3,251        | 3,280        | 3,335        |
| Total, offsetting collections (cash) .....                          |        | -639           | -707         | -736         | -736         | -736         | -736         | -736         |
| Total Indian Health Services (net) .....                            | BA     | <b>2,104</b>   | <b>2,366</b> | <b>2,487</b> | <b>2,540</b> | <b>2,495</b> | <b>2,550</b> | <b>2,607</b> |
|   | O      | 2,062          | 2,230        | 2,494        | 2,516        | 2,515        | 2,544        | 2,599        |
| Indian health facilities:   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 551 BA | 317            | 363          | 320          | 327          | 334          | 342          | 350          |
| Appropriation, mandatory .....                                      | BA     | 5              | 5            | 5            | 5            | 5            | 5            | 5            |
| Spending authority from offsetting collections, discretionary ..... | BA     | 9              | 4            | 4            | 4            | 4            | 4            | 4            |
| Outlays .....   | O      | 326            | 302          | 343          | 360          | 347          | 348          | 353          |
| Indian health facilities (gross) .....                              | BA     | <b>331</b>     | <b>372</b>   | <b>329</b>   | <b>336</b>   | <b>343</b>   | <b>351</b>   | <b>359</b>   |
|   | O      | 326            | 302          | 343          | 360          | 347          | 348          | 353          |
| Total, offsetting collections (cash) .....                          |        | -9             | -4           | -4           | -4           | -4           | -4           | -4           |
| Total Indian health facilities (net) .....                          | BA     | <b>322</b>     | <b>368</b>   | <b>325</b>   | <b>332</b>   | <b>339</b>   | <b>347</b>   | <b>355</b>   |
|   | O      | 317            | 298          | 339          | 356          | 343          | 344          | 349          |
| Total Federal funds Indian Health Services .....                    | BA     | <b>2,426</b>   | <b>2,734</b> | <b>2,812</b> | <b>2,872</b> | <b>2,834</b> | <b>2,897</b> | <b>2,962</b> |
|   | O      | 2,379          | 2,528        | 2,833        | 2,872        | 2,858        | 2,888        | 2,948        |

*Centers for Disease Control and Prevention*

*Federal funds*

**General and Special Funds:**

Disease control, research, and training

(Health care services):

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (Appropriation, discretionary) .....                                     | 551 BA | 2,729        | 3,571        | 3,611        | 3,692        | 3,774        | 3,858        | 3,944        |
| (Appropriation, mandatory) .....   | BA     | 3            | 13           | 3            |              |              |              |              |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 113          | 116          | 148          | 105          | 109          | 112          | 116          |
| (Outlays) .....  | O      | 2,394        | 3,024        | 3,537        | 3,695        | 3,795        | 3,893        | 3,979        |
| Disease control, research, and training (gross) .....                    | BA     | <b>2,845</b> | <b>3,700</b> | <b>3,762</b> | <b>3,797</b> | <b>3,883</b> | <b>3,970</b> | <b>4,060</b> |
|  | O      | 2,394        | 3,024        | 3,537        | 3,695        | 3,795        | 3,893        | 3,979        |
| (Change in uncollected customer payments from Federal sources) .....     | BA     | -29          |              |              |              |              |              |              |
| (Adjustment to uncollected customer payments from Federal sources) ..... | BA     | -12          |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                               |        | -73          | -116         | -148         | -105         | -109         | -112         | -116         |
| Total (Health care services) (net) .....                                 | BA     | <b>2,731</b> | <b>3,584</b> | <b>3,614</b> | <b>3,692</b> | <b>3,774</b> | <b>3,858</b> | <b>3,944</b> |
|  | O      | 2,321        | 2,908        | 3,389        | 3,590        | 3,686        | 3,781        | 3,863        |

(Health research and training):

|  |        |              |              |              |              |              |              |              |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (Appropriation, discretionary) .....                                     | 552 BA | 248          | 295          | 268          | 274          | 280          | 286          | 293          |
| (Appropriation, mandatory) .....   | BA     | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 89           | 89           | 92           | 95           | 99           | 102          | 106          |
| (Outlays) .....  | O      | 268          | 353          | 370          | 370          | 375          | 384          | 393          |
| Disease control, research, and training (gross) .....                    | BA     | <b>3,069</b> | <b>3,969</b> | <b>3,975</b> | <b>4,062</b> | <b>4,154</b> | <b>4,247</b> | <b>4,344</b> |
|  | O      | 2,589        | 3,261        | 3,759        | 3,960        | 4,061        | 4,165        | 4,256        |
| (Change in uncollected customer payments from Federal sources) .....     | BA     | -22          |              |              |              |              |              |              |
| (Adjustment to uncollected customer payments from Federal sources) ..... | BA     | -9           |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                               |        | -57          | -89          | -92          | -95          | -99          | -102         | -106         |
| Total (Health research and training) (net) .....                         | BA     | <b>250</b>   | <b>296</b>   | <b>269</b>   | <b>275</b>   | <b>281</b>   | <b>287</b>   | <b>294</b>   |
|  | O      | 211          | 264          | 278          | 275          | 276          | 282          | 287          |
| Total Disease control, research, and training .....                      | BA     | <b>2,981</b> | <b>3,880</b> | <b>3,883</b> | <b>3,967</b> | <b>4,055</b> | <b>4,145</b> | <b>4,238</b> |
|  | O      | 2,532        | 3,172        | 3,667        | 3,865        | 3,962        | 4,063        | 4,150        |

*Trust funds*

Salaries and expenses, Agency for Toxic Substance and Disease Registry:

|   |        |  |    |    |    |    |    |    |
|---|--------|--|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 551 BA |  | 75 | 78 | 80 | 82 | 83 | 85 |
| Spending authority from offsetting collections, discretionary ..... | BA     |  | 25 | 26 | 27 | 28 | 29 | 30 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate |       |       |       |       |       |
|--|----|----------------|----------|-------|-------|-------|-------|-------|
|  |    |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Outlays .....  | O  |                | 51       | 85    | 101   | 107   | 110   | 114   |
| Salaries and expenses, Agency for Toxic Substance and Disease Registry (gross) ..        | BA |                | 100      | 104   | 107   | 110   | 112   | 115   |
|  | O  |                | 51       | 85    | 101   | 107   | 110   | 114   |
| Total, offsetting collections (cash) .....   |    |                | -25      | -26   | -27   | -28   | -29   | -30   |
| Total Salaries and expenses, Agency for Toxic Substance and Disease Registry (net) ..... | BA |                | 75       | 78    | 80    | 82    | 83    | 85    |
|  | O  |                | 26       | 59    | 74    | 79    | 81    | 84    |
| Total Federal funds Centers for Disease Control and Prevention .....                     | BA | 2,981          | 3,880    | 3,883 | 3,967 | 4,055 | 4,145 | 4,238 |
|  | O  | 2,532          | 3,172    | 3,667 | 3,865 | 3,962 | 4,063 | 4,150 |
| Total Trust funds Centers for Disease Control and Prevention .....                       | BA |                | 75       | 78    | 80    | 82    | 83    | 85    |
|  | O  |                | 26       | 59    | 74    | 79    | 81    | 84    |

*National Institutes of Health*

*Federal funds*

**General and Special Funds:**

National Institutes of Health:

|  |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Appropriation, discretionary .....                                     | 552 BA | 17,800 | 20,361 | 23,112 | 27,244 | 27,852 | 28,473 | 29,108 |
| Appropriation, mandatory .....   | BA     | 37     | 107    | 107    | 110    | 10     | 10     | 10     |
| Spending authority from offsetting collections, discretionary .....    | BA     | 1,179  | 1,339  | 1,453  | 1,453  | 1,453  | 1,453  | 1,453  |
| Outlays .....  | O      | 16,783 | 19,193 | 22,135 | 25,159 | 27,971 | 29,076 | 29,755 |
| National Institutes of Health (gross) .....                            | BA     | 19,016 | 21,807 | 24,672 | 28,807 | 29,315 | 29,936 | 30,571 |
|  | O      | 16,783 | 19,193 | 22,135 | 25,159 | 27,971 | 29,076 | 29,755 |
| Change in uncollected customer payments from Federal sources .....     | BA     | 246    |        |        |        |        |        |        |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -57    |        |        |        |        |        |        |
| Total, offsetting collections (cash) .....                             |        | -1,368 | -1,339 | -1,453 | -1,453 | -1,453 | -1,453 | -1,453 |
| Total National Institutes of Health (net) .....                        | BA     | 17,837 | 20,468 | 23,219 | 27,354 | 27,862 | 28,483 | 29,118 |
|  | O      | 15,415 | 17,854 | 20,682 | 23,706 | 26,518 | 27,623 | 28,302 |

*Substance Abuse and Mental Health Services Administration*

*Federal funds*

**General and Special Funds:**

Substance abuse and mental health services:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 551 BA | 2,651 | 2,957 | 3,029 | 3,181 | 3,337 | 3,468 | 3,599 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 33    | 40    | 69    | 69    | 69    | 69    | 69    |
| Outlays .....   | O      | 2,532 | 2,706 | 2,951 | 3,120 | 3,272 | 3,422 | 3,559 |
| Substance abuse and mental health services (gross) .....            | BA     | 2,684 | 2,997 | 3,098 | 3,250 | 3,406 | 3,537 | 3,668 |
|   | O      | 2,532 | 2,706 | 2,951 | 3,120 | 3,272 | 3,422 | 3,559 |
| Total, offsetting collections (cash) .....                          |        | -33   | -40   | -69   | -69   | -69   | -69   | -69   |
| Total Substance abuse and mental health services (net) .....        | BA     | 2,651 | 2,957 | 3,029 | 3,181 | 3,337 | 3,468 | 3,599 |
|   | O      | 2,499 | 2,666 | 2,882 | 3,051 | 3,203 | 3,353 | 3,490 |

*Agency for Healthcare Research and Quality*

*Federal funds*

**General and Special Funds:**

Health care policy and research:

|  |        |     |     |     |     |     |     |     |
|--|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                     | 552 BA | 110 | 105 |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary .....    | BA     | 106 | 177 | 318 | 318 | 318 | 318 | 318 |
| Outlays .....  | O      | 161 | 285 | 409 | 348 | 330 | 322 | 318 |
| Health care policy and research (gross) .....                          | BA     | 216 | 282 | 318 | 318 | 318 | 318 | 318 |
|  | O      | 161 | 285 | 409 | 348 | 330 | 322 | 318 |
| Change in uncollected customer payments from Federal sources .....     | BA     | 14  |     |     |     |     |     |     |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -10 |     |     |     |     |     |     |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |        |        |        |        |        |
|---|----|----------------|----------|--------|--------|--------|--------|--------|
|   |    |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Total, offsetting collections (cash) .....        |    | -110           | -177     | -318   | -318   | -318   | -318   | -318   |
| Total Health care policy and research (net) ..... | BA | 110            | 105      |        |        |        |        |        |
|   | O  | 51             | 108      | 91     | 30     | 12     | 4      |        |
| Total Federal funds Public Health Service .....   | BA | 31,714         | 37,489   | 39,232 | 43,792 | 44,763 | 45,960 | 47,178 |
|   | O  | 28,184         | 32,761   | 36,477 | 39,863 | 43,068 | 44,706 | 45,924 |
| Total Trust funds Public Health Service .....     | BA | 143            | 779      | 203    | 205    | 207    | 209    | 211    |
|   | O  | 101            | 525      | 428    | 202    | 204    | 207    | 210    |

**Other Health Programs**

*Health Care Financing Administration*  
*Federal funds*

**General and Special Funds:**

Grants to States for medicaid:

|  |        |         |         |               |                 |                 |                 |                 |
|--|--------|---------|---------|---------------|-----------------|-----------------|-----------------|-----------------|
| Appropriation, mandatory .....                                     | 551 BA | 89,010  | 98,264  | 106,822       | 107,184         | 116,680         | 127,114         | 138,178         |
|  |        |         |         | <i>B -606</i> | <i>B -1,071</i> | <i>B -1,450</i> | <i>B -1,844</i> | <i>B -1,906</i> |
| Advance appropriation, mandatory .....                             | BA     | 28,734  | 30,589  | 36,207        | 46,602          | 50,730          | 55,267          | 60,078          |
| Spending authority from offsetting collections, mandatory .....    | BA     | 50      | 1,299   | 70            |                 |                 |                 |                 |
| Outlays .....  | O      | 117,921 | 130,262 | 143,099       | 153,786         | 167,410         | 182,381         | 198,256         |
|  |        |         |         | <i>B -606</i> | <i>B -1,071</i> | <i>B -1,450</i> | <i>B -1,844</i> | <i>B -1,906</i> |
| Grants to States for medicaid (gross) .....                        | BA     | 117,794 | 130,152 | 142,493       | 152,715         | 165,960         | 180,537         | 196,350         |
|  | O      | 117,921 | 130,262 | 142,493       | 152,715         | 165,960         | 180,537         | 196,350         |
| Change in uncollected customer payments from Federal sources ..... | BA     | -50     | 110     |               |                 |                 |                 |                 |
| Total, offsetting collections (cash) .....                         |        |         | -1,409  | -70           |                 |                 |                 |                 |
| Total Grants to States for medicaid (net) .....                    | BA     | 117,744 | 128,853 | 142,423       | 152,715         | 165,960         | 180,537         | 196,350         |
|  | O      | 117,921 | 128,853 | 142,423       | 152,715         | 165,960         | 180,537         | 196,350         |

State grants and demonstrations:

|                                |        |  |    |    |    |    |    |    |
|--------------------------------|--------|--|----|----|----|----|----|----|
| Appropriation, mandatory ..... | 551 BA |  | 62 | 67 | 72 | 77 | 81 | 82 |
| Outlays .....                  | O      |  | 16 | 29 | 41 | 50 | 58 | 65 |

Payments to health care trust funds:

|   |        |        |        |               |               |               |               |               |
|---|--------|--------|--------|---------------|---------------|---------------|---------------|---------------|
| Appropriation, mandatory .....                  | 571 BA | 78,213 | 77,874 | 90,002        | 97,967        | 102,469       | 112,683       | 121,819       |
|   |        |        |        | <i>J -176</i> | <i>J -379</i> | <i>J -531</i> | <i>J -732</i> | <i>J -891</i> |
| Outlays .....                                   | O      | 75,071 | 77,874 | 90,002        | 97,967        | 102,469       | 112,683       | 121,819       |
|   |        |        |        | <i>J -176</i> | <i>J -379</i> | <i>J -531</i> | <i>J -732</i> | <i>J -891</i> |
| Total Payments to health care trust funds ..... | BA     | 78,213 | 77,874 | 89,826        | 97,588        | 101,938       | 111,951       | 120,928       |
|   | O      | 75,071 | 77,874 | 89,826        | 97,588        | 101,938       | 111,951       | 120,928       |

Program management

(Health care services):

|  |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| (Appropriation, discretionary) .....                                     | 551 BA | 3      |        |        |        |        |        |        |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 2,020  | 2,166  | 2,358  | 2,441  | 2,531  | 2,627  | 2,731  |
| (Outlays) .....  | O      | 1,969  | 2,166  | 2,358  | 2,441  | 2,531  | 2,627  | 2,731  |
| Program management (gross) .....   | BA     | 2,023  | 2,166  | 2,358  | 2,441  | 2,531  | 2,627  | 2,731  |
|  | O      | 1,969  | 2,166  | 2,358  | 2,441  | 2,531  | 2,627  | 2,731  |
| (Change in uncollected customer payments from Federal sources) .....     | BA     | -111   |        |        |        |        |        |        |
| (Adjustment to uncollected customer payments from Federal sources) ..... | BA     | 154    |        |        |        |        |        |        |
| Total, offsetting collections (cash) .....                               |        | -2,064 | -2,166 | -2,358 | -2,441 | -2,531 | -2,627 | -2,731 |
| Total (Health care services) (net) .....                                 | BA     | 2      |        |        |        |        |        |        |
|  | O      | -95    |        |        |        |        |        |        |

(Health research and training):

|   |        |     |     |    |    |    |    |    |
|---|--------|-----|-----|----|----|----|----|----|
| (Spending authority from offsetting collections, discretionary) ..... | 552 BA | 62  | 138 | 55 | 57 | 59 | 61 | 63 |
| (Outlays) .....   | O      | 45  | 138 | 55 | 57 | 59 | 61 | 63 |
| Program management (gross) .....                                      | BA     | 64  | 138 | 55 | 57 | 59 | 61 | 63 |
|   | O      | -50 | 138 | 55 | 57 | 59 | 61 | 63 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate       |                 |                 |                 |                | 2006            |
|--|--------|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|
|  |        |                | 2001           | 2002            | 2003            | 2004            | 2005           |                 |
| Total, offsetting collections (cash) .....                                     |        | -62            | -138           | -55             | -57             | -59             | -61            | -63             |
| Total (Health research and training) (net) .....                               | BA     |                |                |                 |                 |                 |                |                 |
|  | O      | -17            |                |                 |                 |                 |                |                 |
| Total Program management .....   | BA     | 2              |                |                 |                 |                 |                |                 |
|  | O      | -112           |                |                 |                 |                 |                |                 |
| State children's health insurance fund:  |        |                |                |                 |                 |                 |                |                 |
| Appropriation, mandatory .....   | 551 BA | 4,259          | 4,249          | 3,115           | 3,175           | 3,175           | 4,082          | 4,082           |
| Outlays .....  | O      | 1,220          | 4,032          | 3,355           | 4,072           | 4,260           | 4,290          | 4,370           |
| Immediate helping hand prescription drug plan:                                 |        |                |                |                 |                 |                 |                |                 |
| Appropriation, mandatory .....   | 551 BA |                | <i>B</i> 2,500 | <i>B</i> 11,200 | <i>B</i> 12,900 | <i>B</i> 14,800 | <i>B</i> 4,200 |                 |
| Outlays .....  | O      |                | <i>B</i> 2,500 | <i>B</i> 11,200 | <i>B</i> 12,900 | <i>B</i> 14,800 | <i>B</i> 4,200 |                 |
| <b>Public Enterprise Funds:</b>  |        |                |                |                 |                 |                 |                |                 |
| Health maintenance organization loan and loan guarantee fund:                  |        |                |                |                 |                 |                 |                |                 |
| Spending authority from offsetting collections, mandatory .....                | 551 BA | 1              |                |                 |                 |                 |                |                 |
| Health maintenance organization loan and loan guarantee fund (gross) .....     | BA     | 1              |                |                 |                 |                 |                |                 |
| Total, offsetting collections (cash) .....                                     |        | -1             |                |                 |                 |                 |                |                 |
| Total Health maintenance organization loan and loan guarantee fund (net) ..... | BA     |                |                |                 |                 |                 |                |                 |
|  | O      | -1             |                |                 |                 |                 |                |                 |
| <i>Trust funds</i>   |        |                |                |                 |                 |                 |                |                 |
| Federal hospital insurance trust fund:   |        |                |                |                 |                 |                 |                |                 |
| Appropriation, discretionary .....   | 571 BA | 1,222          | 1,504          | 1,547           | 1,581           | 1,617           | 1,653          | 1,689           |
|  |        |                |                | <i>J</i> -20    | <i>J</i> -20    | <i>J</i> -20    | <i>J</i> -20   | <i>J</i> -20    |
| Appropriation, mandatory .....   | BA     | 128,144        | 140,068        | 144,650         | 150,564         | 157,224         | 168,734        | 174,257         |
| Outlays .....  | O      | 129,195        | 141,818        | 146,221         | 151,981         | 159,077         | 170,321        | 175,763         |
|  |        |                |                | <i>J</i> -20    | <i>J</i> -20    | <i>J</i> -20    | <i>J</i> -20   | <i>J</i> -20    |
| Total Federal hospital insurance trust fund .....                              | BA     | 129,366        | 141,572        | 146,177         | 152,125         | 158,821         | 170,367        | 175,926         |
|  | O      | 129,195        | 141,818        | 146,201         | 151,961         | 159,057         | 170,301        | 175,743         |
| Health care fraud and abuse control account:                                   |        |                |                |                 |                 |                 |                |                 |
| Appropriation, mandatory .....   | 571 BA | 864            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
| Spending authority from offsetting collections, mandatory .....                | BA     | 5              |                |                 |                 |                 |                |                 |
| Outlays .....  | O      | 840            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
| Health care fraud and abuse control account (gross) .....                      | BA     | 869            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
|  | O      | 840            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
| Total, offsetting collections (cash) .....                                     |        | -5             |                |                 |                 |                 |                |                 |
| Total Health care fraud and abuse control account (net) .....                  | BA     | 864            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
|  | O      | 835            | 950            | 1,010           | 1,075           | 1,075           | 1,075          | 1,075           |
| Federal supplementary medical insurance trust fund:                            |        |                |                |                 |                 |                 |                |                 |
| Appropriation, discretionary .....   | 571 BA | 1,776          | 1,848          | 2,014           | 2,058           | 2,104           | 2,151          | 2,201           |
|  |        |                |                | <i>J</i> -95    | <i>J</i> -95    | <i>J</i> -95    | <i>J</i> -95   | <i>J</i> -95    |
| Appropriation, mandatory .....   | BA     | 87,349         | 99,379         | 107,821         | 117,046         | 125,132         | 136,079        | 142,268         |
| Spending authority from offsetting collections, mandatory .....                | BA     | 1,706          | 3,515          | 2,455           | 817             |                 |                |                 |
| Outlays .....  | O      | 90,698         | 104,794        | 112,288         | 119,871         | 127,285         | 138,203        | 144,410         |
|  |        |                |                | <i>J</i> -95    | <i>J</i> -95    | <i>J</i> -95    | <i>J</i> -95   | <i>J</i> -95    |
| Federal supplementary medical insurance trust fund (gross) .....               | BA     | 90,831         | 104,742        | 112,195         | 119,826         | 127,141         | 138,135        | 144,374         |
|  | O      | 90,698         | 104,794        | 112,193         | 119,776         | 127,190         | 138,108        | 144,315         |
| Total, offsetting collections (cash) .....                                     |        | -1,706         | -3,515         | -2,455          | -817            |                 |                |                 |
| Total Federal supplementary medical insurance trust fund (net) .....           | BA     | 89,125         | 101,227        | 109,740         | 119,009         | 127,141         | 138,135        | 144,374         |
|  | O      | 88,992         | 101,279        | 109,738         | 118,959         | 127,190         | 138,108        | 144,315         |
| Allowance for medicare modernization:  |        |                |                |                 |                 |                 |                |                 |
| Appropriation, mandatory .....   | 571 BA |                |                |                 |                 |                 | <i>B</i> 8,300 | <i>B</i> 12,800 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate       |                |                |                |                    |                     |
|--|----|----------------|----------------|----------------|----------------|----------------|--------------------|---------------------|
|  |    |                | 2001           | 2002           | 2003           | 2004           | 2005               | 2006                |
| Outlays .....  | O  |                |                |                |                |                | <sup>B</sup> 8,300 | <sup>B</sup> 12,800 |
| Total Federal funds Health Care Financing Administration ..... | BA | <b>200,218</b> | <b>213,538</b> | <b>246,631</b> | <b>266,450</b> | <b>285,950</b> | <b>300,851</b>     | <b>321,442</b>      |
|  | O  | 194,099        | 213,275        | 246,833        | 267,316        | 287,008        | 301,036            | 321,713             |
| Total Trust funds Health Care Financing Administration .....   | BA | <b>219,355</b> | <b>243,749</b> | <b>256,927</b> | <b>272,209</b> | <b>287,037</b> | <b>317,877</b>     | <b>334,175</b>      |
|  | O  | 219,022        | 244,047        | 256,949        | 271,995        | 287,322        | 317,784            | 333,933             |
| Total Federal funds Health Programs .....                      | BA | <b>231,932</b> | <b>251,027</b> | <b>285,863</b> | <b>310,242</b> | <b>330,713</b> | <b>346,811</b>     | <b>368,620</b>      |
|  | O  | 222,283        | 246,036        | 283,310        | 307,179        | 330,076        | 345,742            | 367,637             |
| Total Trust funds Health Programs .....                        | BA | <b>219,498</b> | <b>244,528</b> | <b>257,130</b> | <b>272,414</b> | <b>287,244</b> | <b>318,086</b>     | <b>334,386</b>      |
|  | O  | 219,123        | 244,572        | 257,377        | 272,197        | 287,526        | 317,991            | 334,143             |

**Administration for Children and Families**

Federal funds

General and Special Funds:

Temporary assistance for needy families:

|   |        |               |               |               |                  |                  |                  |               |
|---|--------|---------------|---------------|---------------|------------------|------------------|------------------|---------------|
| Appropriation, mandatory .....                      | 609 BA | <b>16,689</b> | <b>16,689</b> | <b>16,679</b> | <b>16,679</b>    | <b>17,679</b>    | <b>16,679</b>    | <b>16,679</b> |
| Outlays .....                                       | O      | 15,464        | 17,080        | 17,260        | 17,360           | 17,750           | 18,020           | 18,170        |
|   |        |               |               |               | <sup>B</sup> 400 | <sup>B</sup> 300 | <sup>B</sup> 150 |               |
| Total Temporary assistance for needy families ..... | BA     | <b>16,689</b> | <b>16,689</b> | <b>16,679</b> | <b>16,679</b>    | <b>17,679</b>    | <b>16,679</b>    | <b>16,679</b> |
|   | O      | 15,464        | 17,080        | 17,260        | 17,760           | 18,050           | 18,170           | 18,170        |

Payments to States for child support enforcement and family support programs:

|   |        |            |              |              |              |              |              |              |
|---|--------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....                                  | 609 BA | <b>260</b> | <b>2,671</b> | <b>2,448</b> | <b>2,701</b> | <b>2,966</b> | <b>3,201</b> | <b>3,386</b> |
| Advance appropriation, mandatory .....                          | BA     | <b>750</b> | <b>650</b>   | <b>1,000</b> | <b>1,100</b> | <b>1,200</b> | <b>1,250</b> | <b>1,300</b> |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>406</b> | <b>426</b>   | <b>460</b>   | <b>461</b>   | <b>454</b>   | <b>446</b>   | <b>458</b>   |
| Outlays .....   | O      | 3,312      | 3,865        | 3,913        | 4,203        | 4,564        | 4,851        | 5,107        |

Payments to States for child support enforcement and family support programs

|               |    |              |              |              |              |              |              |              |
|---------------|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (gross) ..... | BA | <b>1,416</b> | <b>3,747</b> | <b>3,908</b> | <b>4,262</b> | <b>4,620</b> | <b>4,897</b> | <b>5,144</b> |
|               | O  | 3,312        | 3,865        | 3,913        | 4,203        | 4,564        | 4,851        | 5,107        |

Change in uncollected customer payments from Federal sources .....

|  |    |             |             |             |             |             |             |             |
|--|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Adjustment to uncollected customer payments from Federal sources ..... | BA | <b>54</b>   |             |             |             |             |             |             |
| Total, offsetting collections (cash) .....                             | BA | <b>-406</b> | <b>-426</b> | <b>-460</b> | <b>-461</b> | <b>-454</b> | <b>-446</b> | <b>-458</b> |

Total Payments to States for child support enforcement and family support programs (net) .....

|  |    |              |              |              |              |              |              |              |
|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | BA | <b>1,010</b> | <b>3,321</b> | <b>3,448</b> | <b>3,801</b> | <b>4,166</b> | <b>4,451</b> | <b>4,686</b> |
|  | O  | 2,906        | 3,439        | 3,453        | 3,742        | 4,110        | 4,405        | 4,649        |

Low income home energy assistance:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....            | 609 BA | <b>900</b>   | <b>600</b>   | <b>1,700</b> | <b>1,707</b> | <b>1,745</b> | <b>1,784</b> | <b>1,824</b> |
| Advance appropriation, discretionary .....    | BA     | <b>1,100</b> | <b>1,100</b> |              |              |              |              |              |
| Outlays .....                                 | O      | 1,495        | 2,241        | 1,525        | 1,560        | 1,585        | 1,623        | 1,659        |
| Total Low income home energy assistance ..... | BA     | <b>2,000</b> | <b>1,700</b> | <b>1,700</b> | <b>1,707</b> | <b>1,745</b> | <b>1,784</b> | <b>1,824</b> |
|   | O      | 1,495        | 2,241        | 1,525        | 1,560        | 1,585        | 1,623        | 1,659        |

Refugee and entrant assistance:

|  |        |            |            |            |            |            |            |            |
|--|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....         | 609 BA | <b>426</b> | <b>433</b> | <b>445</b> | <b>455</b> | <b>465</b> | <b>475</b> | <b>486</b> |
| Reappropriation, discretionary .....       | BA     | <b>72</b>  | <b>12</b>  |            |            |            |            |            |
| Outlays .....                              | O      | 383        | 451        | 445        | 449        | 455        | 463        | 473        |
| Total Refugee and entrant assistance ..... | BA     | <b>498</b> | <b>445</b> | <b>445</b> | <b>455</b> | <b>465</b> | <b>475</b> | <b>486</b> |
|  | O      | 383        | 451        | 445        | 449        | 455        | 463        | 473        |

Promoting safe and stable families:

|  |        |            |            |                  |                  |                  |                  |                  |
|--|--------|------------|------------|------------------|------------------|------------------|------------------|------------------|
| Appropriation, discretionary .....             | 506 BA |            |            | <b>67</b>        | <b>68</b>        | <b>70</b>        | <b>72</b>        | <b>73</b>        |
| Appropriation, mandatory .....                 | BA     | <b>295</b> | <b>305</b> | <b>305</b>       | <b>305</b>       | <b>305</b>       | <b>305</b>       | <b>305</b>       |
|  |        |            |            | <sup>B</sup> 200 |
| Outlays .....                                  | O      | 245        | 276        | 303              | 357              | 371              | 374              | 376              |
|  |        |            |            | <sup>B</sup> 30  | <sup>B</sup> 158 | <sup>B</sup> 192 | <sup>B</sup> 196 | <sup>B</sup> 200 |
| Total Promoting safe and stable families ..... | BA     | <b>295</b> | <b>305</b> | <b>572</b>       | <b>573</b>       | <b>575</b>       | <b>577</b>       | <b>578</b>       |
|  | O      | 245        | 276        | 333              | 515              | 563              | 570              | 576              |

Job opportunities and basic skills training program:

|               |       |    |   |   |  |  |  |  |
|---------------|-------|----|---|---|--|--|--|--|
| Outlays ..... | 504 O | 15 | 9 | 3 |  |  |  |  |
|---------------|-------|----|---|---|--|--|--|--|

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Child care entitlement to States:                                       |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 609 BA | 2,367          | 2,567    | 2,717  | 2,717  | 2,717  | 2,717  | 2,717  |
| Outlays   | O      | 2,237          | 2,423    | 2,555  | 2,658  | 2,749  | 2,806  | 2,841  |
| Payments to States for the child care and development block grant:      |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 609 BA |                | 817      | 2,200  | 2,249  | 2,299  | 2,350  | 2,403  |
| Advance appropriation, discretionary                                    | BA     | 1,183          | 1,183    |        |        |        |        |        |
| Outlays   | O      | 1,070          | 1,686    | 2,069  | 2,209  | 2,275  | 2,328  | 2,380  |
| Total Payments to States for the child care and development block grant | BA     | 1,183          | 2,000    | 2,200  | 2,249  | 2,299  | 2,350  | 2,403  |
|   | O      | 1,070          | 1,686    | 2,069  | 2,209  | 2,275  | 2,328  | 2,380  |
| Social services block grant:  |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 506 BA | 1,775          | 1,725    | 1,700  | 1,700  | 1,700  | 1,700  | 1,700  |
| Outlays   | O      | 1,827          | 1,907    | 1,809  | 1,804  | 1,804  | 1,804  | 1,729  |
| Children and families services programs:                                |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 506 BA | 5,327          | 6,556    | 8,117  | 8,307  | 8,502  | 8,703  | 8,909  |
| Advance appropriation, discretionary                                    | BA     |                | 1,400    |        |        |        |        |        |
| Advance appropriation, mandatory  | BA     |                |          | 1,400  |        |        |        |        |
| Spending authority from offsetting collections, discretionary           | BA     | 17             | 15       | 15     | 15     | 16     | 16     | 16     |
| Outlays   | O      | 6,166          | 6,657    | 7,809  | 8,140  | 8,357  | 8,553  | 8,753  |
|   |        |                |          | 3      | 35     | 58     | 66     | 67     |
| Children and families services programs (gross)                         | BA     | 5,344          | 7,971    | 9,596  | 8,387  | 8,585  | 8,787  | 8,995  |
|   | O      | 6,166          | 6,657    | 7,812  | 8,175  | 8,415  | 8,619  | 8,820  |
| Change in uncollected customer payments from Federal sources            | BA     | -2             |          |        |        |        |        |        |
| Total, offsetting collections (cash)                                    |        | -15            | -15      | -15    | -15    | -16    | -16    | -16    |
| Total Children and families services programs (net)                     | BA     | 5,327          | 7,956    | 9,581  | 8,372  | 8,569  | 8,771  | 8,979  |
|   | O      | 6,151          | 6,642    | 7,797  | 8,160  | 8,399  | 8,603  | 8,804  |
| Violent crime reduction programs:                                       |        |                |          |        |        |        |        |        |
| Appropriation, discretionary  | 754 BA | 101            |          |        |        |        |        |        |
| Outlays   | O      | 101            | 84       | 29     | 4      |        |        |        |
| Children's research and technical assistance:                           |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 609 BA | 39             | 40       | 62     | 56     | 56     | 57     | 57     |
| Spending authority from offsetting collections, mandatory               | BA     | 4              | 9        | 9      | 10     | 10     | 11     | 11     |
| Outlays   | O      | 75             | 54       | 52     | 60     | 69     | 68     | 68     |
| Children's research and technical assistance (gross)                    | BA     | 43             | 49       | 71     | 66     | 66     | 68     | 68     |
|   | O      | 75             | 54       | 52     | 60     | 69     | 68     | 68     |
| Total, offsetting collections (cash)                                    |        | -4             | -9       | -9     | -10    | -10    | -11    | -11    |
| Total Children's research and technical assistance (net)                | BA     | 39             | 40       | 62     | 56     | 56     | 57     | 57     |
|   | O      | 71             | 45       | 43     | 50     | 59     | 57     | 57     |
| Payments to States for foster care and adoption assistance:             |        |                |          |        |        |        |        |        |
| Appropriation, mandatory  | 506 BA | 4,342          | 4,863    | 4,886  | 5,261  | 5,612  | 6,081  | 6,581  |
|   |        |                |          | 60     | 60     | 60     | 60     | 60     |
| Advance appropriation, mandatory  | BA     | 1,355          | 1,538    | 1,736  | 1,754  | 1,871  | 2,027  | 2,194  |
| Outlays   | O      | 5,453          | 6,055    | 6,540  | 6,959  | 7,415  | 8,018  | 8,677  |
|   |        |                |          | 69     | 46     | 58     | 60     | 60     |
| Total Payments to States for foster care and adoption assistance        | BA     | 5,697          | 6,401    | 6,682  | 7,075  | 7,543  | 8,168  | 8,835  |
|   | O      | 5,453          | 6,055    | 6,549  | 7,005  | 7,473  | 8,078  | 8,737  |
| Total Federal funds Administration for Children and Families            | BA     | 36,981         | 43,149   | 45,786 | 45,384 | 47,514 | 47,729 | 48,944 |
|   | O      | 37,418         | 42,338   | 43,870 | 45,916 | 47,522 | 48,907 | 50,075 |

**Administration on Aging**

*Federal funds*

**General and Special Funds:**

Aging services programs:

|                              |        |     |       |       |       |       |       |       |
|------------------------------|--------|-----|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary | 506 BA | 933 | 1,103 | 1,098 | 1,122 | 1,148 | 1,173 | 1,199 |
| Outlays                      | O      | 885 | 1,017 | 1,086 | 1,119 | 1,138 | 1,162 | 1,189 |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |     |
|--|--------|----------------|----------|------|------|------|------|------|-----|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |     |
| <b>Departmental Management</b>   |        |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                      |        |                |          |      |      |      |      |      |     |
| General departmental management:                                       |        |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 551 BA | 819            | 573      | 447  | 457  | 467  | 478  | 488  |     |
| Spending authority from offsetting collections, discretionary .....    | BA     | 81             | 124      | 139  | 139  | 139  | 139  | 139  |     |
| Outlays .....  | O      | 843            | 648      | 749  | 629  | 599  | 609  | 619  |     |
| General departmental management (gross) .....                          |        | BA             | 900      | 697  | 586  | 596  | 606  | 617  | 627 |
|  |        | O              | 843      | 648  | 749  | 629  | 599  | 609  | 619 |
| Change in uncollected customer payments from Federal sources .....     |        | BA             | 30       |      |      |      |      |      |     |
| Total, offsetting collections (cash) .....                             |        | -111           | -124     | -139 | -139 | -139 | -139 | -139 |     |
| Total General departmental management (net) .....                      |        | BA             | 819      | 573  | 447  | 457  | 467  | 478  | 488 |
|  |        | O              | 732      | 524  | 610  | 490  | 460  | 470  | 480 |
| <b>Program Support Center</b>  |        |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                      |        |                |          |      |      |      |      |      |     |
| Retirement pay and medical benefits for commissioned officers:         |        |                |          |      |      |      |      |      |     |
| Appropriation, mandatory .....   | 551 BA | 215            | 220      | 242  | 258  | 275  | 293  | 311  |     |
| Outlays .....  | O      | 217            | 207      | 239  | 257  | 274  | 291  | 310  |     |
| <b>Intragovernmental Funds:</b>  |        |                |          |      |      |      |      |      |     |
| HHS service and supply fund:   |        |                |          |      |      |      |      |      |     |
| Spending authority from offsetting collections, mandatory .....        | 551 BA | 314            | 416      | 431  | 431  | 431  | 431  | 431  |     |
| Outlays .....  | O      | 357            | 416      | 431  | 431  | 431  | 431  | 431  |     |
| HHS service and supply fund (gross) .....                              |        | BA             | 314      | 416  | 431  | 431  | 431  | 431  |     |
|  |        | O              | 357      | 416  | 431  | 431  | 431  | 431  |     |
| Change in uncollected customer payments from Federal sources .....     |        | BA             | 108      |      |      |      |      |      |     |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 25             |          |      |      |      |      |      |     |
| Total, offsetting collections (cash) .....                             |        | -447           | -416     | -431 | -431 | -431 | -431 | -431 |     |
| Total HHS service and supply fund (net) .....                          |        | BA             |          |      |      |      |      |      |     |
|  |        | O              | -90      |      |      |      |      |      |     |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |     |
| Miscellaneous trust funds:   |        |                |          |      |      |      |      |      |     |
| Appropriation, mandatory .....   | 551 BA | 72             | 71       | 71   | 71   | 71   | 71   | 71   |     |
| Outlays .....  | O      | 54             | 83       | 69   | 71   | 71   | 71   | 71   |     |
| Total Federal funds Program Support Center .....                       |        | BA             | 215      | 220  | 242  | 258  | 275  | 293  | 311 |
|  |        | O              | 127      | 207  | 239  | 257  | 274  | 291  | 310 |
| Total Trust funds Program Support Center .....                         |        | BA             | 72       | 71   | 71   | 71   | 71   | 71   |     |
|  |        | O              | 54       | 83   | 69   | 71   | 71   | 71   |     |
| <b>Office of the Inspector General</b>                                 |        |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                      |        |                |          |      |      |      |      |      |     |
| Office of the Inspector General:                                       |        |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                     | 551 BA | 31             | 34       | 36   | 37   | 38   | 38   | 39   |     |
| Spending authority from offsetting collections, discretionary .....    | BA     | 20             | 19       | 17   | 17   | 23   | 23   | 23   |     |
| Outlays .....  | O      | 49             | 43       | 53   | 53   | 60   | 62   | 63   |     |
| Office of the Inspector General (gross) .....                          |        | BA             | 51       | 53   | 53   | 54   | 61   | 62   |     |
|  |        | O              | 49       | 43   | 53   | 53   | 60   | 62   |     |
| Change in uncollected customer payments from Federal sources .....     |        | BA             | -18      |      |      |      |      |      |     |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | 11             |          |      |      |      |      |      |     |
| Total, offsetting collections (cash) .....                             |        | -13            | -19      | -17  | -17  | -23  | -23  | -23  |     |
| Total Office of the Inspector General (net) .....                      |        | BA             | 31       | 34   | 36   | 37   | 38   | 39   |     |
|  |        | O              | 36       | 24   | 36   | 36   | 37   | 40   |     |

**DEPARTMENT OF HEALTH AND HUMAN SERVICES—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate       |                |                |                |                |                |
|---|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   |          |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| <b>Summary</b>                                      |          |                |                |                |                |                |                |                |
| Federal funds:                                      |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....                    | BA       | <b>270,911</b> | <b>296,106</b> | <b>333,472</b> | <b>357,500</b> | <b>380,155</b> | <b>396,522</b> | <b>419,601</b> |
|   | O        | 261,481        | 290,146        | 329,151        | 354,997        | 379,507        | 396,611        | 419,731        |
| Deductions for offsetting receipts:                 |          |                |                |                |                |                |                |                |
| Proprietary receipts from the public .....          | 551 BA/O | -5             | -5             | -5             | -5             | -5             | -5             | -5             |
|   | 552 BA/O | -11            | -147           | -11            | -11            | -11            | -11            | -11            |
|   | 554 BA/O | -1             | -1             | -1             | -1             | -1             | -1             | -1             |
|   | 609 BA/O | -913           | -896           | -878           | -887           | -899           | -927           | -972           |
| Total Federal funds .....                           | BA       | <b>269,981</b> | <b>295,057</b> | <b>332,577</b> | <b>356,596</b> | <b>379,239</b> | <b>395,578</b> | <b>418,612</b> |
|   | O        | 260,551        | 289,097        | 328,256        | 354,093        | 378,591        | 395,667        | 418,742        |
| Trust funds:  |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....                    | BA       | <b>219,570</b> | <b>244,599</b> | <b>257,201</b> | <b>272,485</b> | <b>287,315</b> | <b>318,157</b> | <b>334,457</b> |
|   | O        | 219,177        | 244,655        | 257,446        | 272,268        | 287,597        | 318,062        | 334,214        |
| Deductions for offsetting receipts:                 |          |                |                |                |                |                |                |                |
| Proprietary receipts from the public .....          | 551 BA/O | -42            | -43            | -43            | -43            | -43            | -43            | -43            |
|   | 571 BA/O | -21,907        | -23,433        | -27,034        | -29,896        | -31,494        | -35,020        | -37,942        |
|   |          |                |                | ✓ 20           | ✓ 25           | ✓ 25           | ✓ 25           | ✓ 25           |
|   | 908 BA/O | -5             |                |                |                |                |                |                |
| Total Trust funds .....                             | BA       | <b>197,616</b> | <b>221,123</b> | <b>230,144</b> | <b>242,571</b> | <b>255,803</b> | <b>283,119</b> | <b>296,497</b> |
|   | O        | 197,223        | 221,179        | 230,389        | 242,354        | 256,085        | 283,024        | 296,254        |
| Interfund transactions .....                        | 551 BA/O | -75            | -580           |                |                |                |                |                |
|   | 571 BA/O | -75,073        | -79,230        | -90,034        | -97,977        | -102,471       | -112,685       | -121,821       |
|   |          |                |                | ✓ 176          | ✓ 379          | ✓ 531          | ✓ 732          | ✓ 891          |
| Total Department of Health and Human Services ..... | BA       | <b>392,449</b> | <b>436,370</b> | <b>472,863</b> | <b>501,569</b> | <b>533,102</b> | <b>566,744</b> | <b>594,179</b> |
|   | O        | 382,626        | 430,466        | 468,787        | 498,849        | 532,736        | 566,738        | 594,066        |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate      |               |               |               |               |               |
|---|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |        |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| <b>Public and Indian Housing Programs</b>                       |        |                |               |               |               |               |               |               |
| <i>Federal funds</i>  |        |                |               |               |               |               |               |               |
| <b>General and Special Funds:</b>                               |        |                |               |               |               |               |               |               |
| Housing certificate fund:                                       |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>4,852</b>   | <b>7,891</b>  | <b>15,717</b> | <b>17,363</b> | <b>18,311</b> | <b>19,308</b> | <b>19,942</b> |
| Advance appropriation, discretionary .....                      | BA     |                | <b>4,191</b>  |               |               |               |               |               |
| Advance appropriation, mandatory .....                          | BA     |                |               | <b>4,200</b>  |               |               |               |               |
| Outlays .....   | O      | 15,972         | 16,655        | 17,676        | 18,358        | 18,869        | 19,402        | 19,917        |
| Total Housing certificate fund .....                            | BA     | <b>4,852</b>   | <b>12,082</b> | <b>19,917</b> | <b>17,363</b> | <b>18,311</b> | <b>19,308</b> | <b>19,942</b> |
|   | O      | 15,972         | 16,655        | 17,676        | 18,358        | 18,869        | 19,402        | 19,917        |
| Annual contributions for assisted housing:                      |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>-16</b>     |               |               |               |               |               |               |
| Moving to work:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 451 BA | <b>5</b>       |               |               |               |               |               |               |
| Outlays .....   | O      |                | <b>3</b>      |               |               |               |               |               |
| Public housing capital fund:                                    |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>2,884</b>   | <b>2,993</b>  | <b>2,293</b>  | <b>2,343</b>  | <b>2,396</b>  | <b>2,450</b>  | <b>2,504</b>  |
| Outlays .....   | O      | 3,690          | 3,718         | 3,583         | 3,446         | 3,235         | 3,094         | 2,990         |
| Public housing operating fund:                                  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>3,138</b>   | <b>3,235</b>  | <b>3,385</b>  | <b>3,460</b>  | <b>3,537</b>  | <b>3,617</b>  | <b>3,697</b>  |
| Outlays .....   | O      | 2,836          | 3,217         | 3,336         | 3,421         | 3,497         | 3,575         | 3,655         |
| Drug elimination grants for low-income housing:                 |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>310</b>     | <b>309</b>    |               |               |               |               |               |
| Outlays .....   | O      | 288            | 317           | 313           | 247           | 93            |               |               |
| Revitalization of severely distressed public housing (HOPE VI): |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>575</b>     | <b>574</b>    | <b>574</b>    | <b>587</b>    | <b>600</b>    | <b>613</b>    | <b>626</b>    |
| Outlays .....   | O      | 379            | 460           | 552           | 530           | 559           | 584           | 577           |
| Native American housing block grant:                            |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                              | 604 BA | <b>620</b>     | <b>649</b>    | <b>649</b>    | <b>663</b>    | <b>678</b>    | <b>692</b>    | <b>709</b>    |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Outlays .....  | O      | 643            | 707      | 669    | 693    | 680    | 635    | 663    |
| Limitation on loan guarantee commitments .....                     |        | (55)           | (55)     | (53)   | (54)   | (55)   | (57)   | (58)   |
| <b>Public Enterprise Funds:</b>                                    |        |                |          |        |        |        |        |        |
| Low-rent public housing—loans and other expenses:                  |        |                |          |        |        |        |        |        |
| Authority to borrow, mandatory .....                               | 604 BA | 25             | 40       | 40     | 40     | 40     | 40     | 40     |
| Spending authority from offsetting collections, mandatory .....    | BA     | 79             | 70       | 84     | 84     | 84     | 84     | 84     |
| Outlays .....  | O      | 103            | 110      | 124    | 124    | 124    | 124    | 124    |
| Low-rent public housing—loans and other expenses (gross) .....     | BA     | 104            | 110      | 124    | 124    | 124    | 124    | 124    |
|  | O      | 103            | 110      | 124    | 124    | 124    | 124    | 124    |
| Total, offsetting collections (cash) .....                         |        | -79            | -70      | -84    | -84    | -84    | -84    | -84    |
| Total Low-rent public housing—loans and other expenses (net) ..... | BA     | 25             | 40       | 40     | 40     | 40     | 40     | 40     |
|  | O      | 24             | 40       | 40     | 40     | 40     | 40     | 40     |
| <b>Credit Accounts:</b>  |        |                |          |        |        |        |        |        |
| Indian housing loan guarantee fund program account:                |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                 | 371 BA | 6              | 6        | 6      | 6      | 6      | 6      | 7      |
| Outlays .....  | O      | 2              | 3        | 7      | 9      | 9      | 10     | 6      |
| Limitation on loan guarantee commitments .....                     |        | (135)          | (72)     | (234)  | (239)  | (245)  | (250)  | (256)  |
| Total Federal funds Public and Indian Housing Programs .....       | BA     | 12,399         | 19,888   | 26,864 | 24,462 | 25,568 | 26,726 | 27,525 |
|  | O      | 23,834         | 25,120   | 26,176 | 26,744 | 26,982 | 27,340 | 27,848 |

**Community Planning and Development**

*Federal funds*

**General and Special Funds:**

Housing opportunities for persons with AIDS:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 604 BA | 232 | 257 | 277 | 283 | 289 | 296 | 303 |
| Outlays .....                      | O      | 215 | 216 | 219 | 234 | 265 | 278 | 287 |

Community development block grants:

|                                    |        |       |       |       |       |       |       |       |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary ..... | 451 BA | 4,809 | 5,113 | 4,702 | 4,807 | 4,914 | 5,024 | 5,136 |
|                                    |        |       |       | ✓100  | ✓102  | ✓105  | ✓106  | ✓109  |
| Outlays .....                      | O      | 4,955 | 4,940 | 5,034 | 4,914 | 4,817 | 4,840 | 4,936 |
|                                    |        |       |       | ✓10   | ✓65   | ✓96   | ✓104  | ✓106  |

|  |    |       |       |       |       |       |       |       |
|--|----|-------|-------|-------|-------|-------|-------|-------|
| Total Community development block grants ..... | BA | 4,809 | 5,113 | 4,802 | 4,909 | 5,019 | 5,130 | 5,245 |
|  | O  | 4,955 | 4,940 | 5,044 | 4,979 | 4,913 | 4,944 | 5,042 |

Empowerment zones/enterprise communities:

|                                    |        |    |     |     |     |     |     |     |
|------------------------------------|--------|----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 451 BA | 55 | 185 | 150 | 153 | 157 | 160 | 164 |
| Outlays .....                      | O      | 7  | 49  | 92  | 140 | 149 | 152 | 158 |

Brownfields redevelopment:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 451 BA | 25 | 25 | 25 | 26 | 26 | 27 | 27 |
| Outlays .....                      | O      | 4  | 25 | 30 | 33 | 33 | 29 | 27 |

Youthbuild program:

|               |       |   |   |  |  |  |  |  |
|---------------|-------|---|---|--|--|--|--|--|
| Outlays ..... | 604 O | 1 | 1 |  |  |  |  |  |
|---------------|-------|---|---|--|--|--|--|--|

Home investment partnership program:

|                                    |        |       |       |       |       |       |       |       |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary ..... | 604 BA | 1,636 | 1,796 | 1,796 | 1,836 | 1,877 | 1,919 | 1,962 |
| Outlays .....                      | O      | 1,479 | 1,736 | 1,857 | 1,843 | 1,797 | 1,827 | 1,862 |

Homeless assistance grants:

|                                    |        |       |       |       |       |       |       |       |
|------------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary ..... | 604 BA | 1,020 | 1,023 | 1,023 | 1,046 | 1,069 | 1,093 | 1,117 |
| Outlays .....                      | O      | 885   | 1,000 | 1,200 | 1,296 | 1,291 | 1,185 | 1,128 |

Rural housing and economic development:

|                                    |        |    |    |    |    |   |   |   |
|------------------------------------|--------|----|----|----|----|---|---|---|
| Appropriation, discretionary ..... | 604 BA | 25 | 25 |    |    |   |   |   |
| Outlays .....                      | O      | 8  | 24 | 25 | 17 | 6 | 2 | 1 |

Urban development action grants:

|               |       |    |    |    |    |    |    |    |
|---------------|-------|----|----|----|----|----|----|----|
| Outlays ..... | 451 O | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
|---------------|-------|----|----|----|----|----|----|----|

Capacity building for community development and affordable housing:

|               |       |    |   |  |  |  |  |  |
|---------------|-------|----|---|--|--|--|--|--|
| Outlays ..... | 451 O | 12 | 7 |  |  |  |  |  |
|---------------|-------|----|---|--|--|--|--|--|

Shelter Plus Care Renewals:

|                                    |        |  |     |     |     |     |     |     |
|------------------------------------|--------|--|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 604 BA |  | 100 | 100 | 102 | 105 | 107 | 109 |
| Outlays .....                      | O      |  | 11  | 57  | 100 | 101 | 104 | 106 |

National cities in schools community development program:

|                                    |        |   |  |  |  |  |  |  |
|------------------------------------|--------|---|--|--|--|--|--|--|
| Appropriation, discretionary ..... | 451 BA | 5 |  |  |  |  |  |  |
| Outlays .....                      | O      | 5 |  |  |  |  |  |  |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Public Enterprise Funds:</b>                                       |        |                |          |       |       |       |       |       |
| Revolving fund (liquidating programs):                                |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory             | 451 BA | 36             | 42       | 37    | 28    | 19    | 15    | 10    |
| Outlays   | O      | 7              | 13       | 9     | 6     | 5     | 4     | 1     |
| Revolving fund (liquidating programs) (gross)                         | BA     | 36             | 42       | 37    | 28    | 19    | 15    | 10    |
|   | O      | 7              | 13       | 9     | 6     | 5     | 4     | 1     |
| Total, offsetting collections (cash)                                  |        | -36            | -42      | -37   | -28   | -19   | -15   | -10   |
| Total Revolving fund (liquidating programs) (net)                     | BA     |                |          |       |       |       |       |       |
|   | O      | -29            | -29      | -28   | -22   | -14   | -11   | -9    |
| <b>Credit Accounts:</b>   |        |                |          |       |       |       |       |       |
| Community development loan guarantees program account:                |        |                |          |       |       |       |       |       |
| Appropriation, discretionary  | 451 BA | 30             | 30       | 15    | 15    | 16    | 16    | 16    |
| Outlays   | O      | 7              | 20       | 20    | 18    | 18    | 15    | 16    |
| Limitation on loan guarantee commitments                              |        | (1,261)        | (1,258)  | (609) | (623) | (636) | (651) | (665) |
| Community development loan guarantees liquidating account:            |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory             | 451 BA | 4              |          |       | 1     | 1     | 1     | 1     |
| Community development loan guarantees liquidating account (gross)     | BA     | 4              |          |       | 1     | 1     | 1     | 1     |
| Total, offsetting collections (cash)                                  |        | -7             | -4       | -4    | -1    | -1    | -1    | -1    |
| Total Community development loan guarantees liquidating account (net) | BA     | -3             | -4       | -4    |       |       |       |       |
|   | O      | -7             | -4       | -4    | -1    | -1    | -1    | -1    |
| America's private investment companies program account:               |        |                |          |       |       |       |       |       |
| Limitation on loan guarantee commitments                              | 451    | (541)          |          |       |       |       |       |       |
| Total Federal funds Community Planning and Development                | BA     | 7,834          | 8,550    | 8,184 | 8,370 | 8,558 | 8,748 | 8,943 |
|   | O      | 7,552          | 8,006    | 8,522 | 8,647 | 8,568 | 8,534 | 8,627 |

**Housing Programs**  
*Federal funds*

|   |        |     |     |       |       |       |       |       |
|---|--------|-----|-----|-------|-------|-------|-------|-------|
| <b>General and Special Funds:</b>   |        |     |     |       |       |       |       |       |
| Housing for special populations:  |        |     |     |       |       |       |       |       |
| Appropriation, discretionary  | 604 BA | 911 | 994 | 1,001 | 1,023 | 1,046 | 1,069 | 1,093 |
| Outlays   | O      | 720 | 988 | 1,025 | 1,011 | 1,013 | 1,136 | 1,218 |
| Other assisted housing programs   |        |     |     |       |       |       |       |       |
| (Housing assistance):   |        |     |     |       |       |       |       |       |
| (Contract authority, discretionary)                                       | 604 BA | 818 |     |       |       |       |       |       |
| (Outlays)   | O      | 682 | 698 | 712   | 723   | 723   | 723   | 723   |
| Total Other assisted housing programs                                     | BA     | 818 |     |       |       |       |       |       |
|   | O      | 682 | 698 | 712   | 723   | 723   | 723   | 723   |
| Homeownership and opportunity for people everywhere grants (HOPE grants): |        |     |     |       |       |       |       |       |
| Appropriation, discretionary  | 604 BA | -19 |     |       |       |       |       |       |
| Outlays   | O      | 25  | 25  | 25    |       |       |       |       |
| Congregate services:  |        |     |     |       |       |       |       |       |
| Outlays   | 604 O  | 1   |     |       |       |       |       |       |
| Manufactured home inspection and monitoring:                              |        |     |     |       |       |       |       |       |
| Appropriation, mandatory  | 376 BA | 11  |     |       |       |       |       |       |
| Outlays   | O      | 14  | 5   | 2     |       |       |       |       |
| <b>Public Enterprise Funds:</b>   |        |     |     |       |       |       |       |       |
| Rental housing assistance fund:   |        |     |     |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                 | 604 BA | 19  | 17  | 16    | 15    | 14    | 14    | 13    |
| Outlays   | O      | 7   | 17  | 16    | 15    | 14    | 14    | 13    |
| Rental housing assistance fund (gross)                                    | BA     | 19  | 17  | 16    | 15    | 14    | 14    | 13    |
|   | O      | 7   | 17  | 16    | 15    | 14    | 14    | 13    |
| Total, offsetting collections (cash)                                      |        | -19 | -17 | -16   | -15   | -14   | -14   | -13   |
| Total Rental housing assistance fund (net)                                | BA     |     |     |       |       |       |       |       |
|   | O      | -12 |     |       |       |       |       |       |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate  |           |           |           |           |           |
|---|--------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |        |                | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      |
| Flexible subsidy fund:  |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, discretionary                               | 604 BA | 15             | 8         | 24        | 23        | 22        | 21        | 20        |
| Outlays   | O      | 17             | 40        | 12        |           |           |           |           |
| Flexible subsidy fund (gross)   | BA     | 15             | 8         | 24        | 23        | 22        | 21        | 20        |
|   | O      | 17             | 40        | 12        |           |           |           |           |
| Total, offsetting collections (cash)  |        | -15            | -8        | -24       | -23       | -22       | -21       | -20       |
| Total Flexible subsidy fund (net)   | BA     | 2              | 32        | -12       | -23       | -22       | -21       | -20       |
|   | O      |                |           |           |           |           |           |           |
| Nehemiah housing opportunity fund:  |        |                |           |           |           |           |           |           |
| Outlays   | 604 O  | 6              | 8         | 8         |           |           |           |           |
| <b>Credit Accounts:</b>   |        |                |           |           |           |           |           |           |
| FHA-mutual mortgage insurance program account:  |        |                |           |           |           |           |           |           |
| Appropriation, discretionary  | 371 BA | 491            | 490       | 497       | 508       | 519       | 531       | 543       |
| Appropriation, mandatory  | BA     |                | 4,027     |           |           |           |           |           |
| Outlays   | O      | 341            | 4,605     | 496       | 508       | 518       | 530       | 542       |
| Limitation on direct loan activity  |        | (100)          | (250)     | (250)     | (256)     | (261)     | (267)     | (273)     |
| Limitation on loan guarantee commitments  |        | (140,000)      | (160,000) | (160,000) | (163,568) | (167,216) | (170,944) | (174,757) |
| Total FHA-mutual mortgage insurance program account   | BA     | 491            | 4,517     | 497       | 508       | 519       | 531       | 543       |
|   | O      | 341            | 4,605     | 496       | 508       | 518       | 530       | 542       |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account:            |        |                |           |           |           |           |           |           |
| Spending authority from offsetting collections, mandatory                                   | 371 BA | 3,926          | 4,896     | 4,274     | 1,633     | 1,623     | 1,698     | 1,790     |
| Outlays   | O      | 885            | 5,382     | 617       | 319       | 171       | 134       | 86        |
| FHA-mutual mortgage and cooperative housing insurance funds liquidating account (gross)     | BA     | 3,926          | 4,896     | 4,274     | 1,633     | 1,623     | 1,698     | 1,790     |
|   | O      | 885            | 5,382     | 617       | 319       | 171       | 134       | 86        |
| Change in uncollected customer payments from Federal sources                                | BA     | -321           |           |           |           |           |           |           |
| Total, offsetting collections (cash)  |        | -3,605         | -4,896    | -4,274    | -1,633    | -1,623    | -1,698    | -1,790    |
| Total FHA-mutual mortgage and cooperative housing insurance funds liquidating account (net) | BA     | -2,720         | 486       | -3,657    | -1,314    | -1,452    | -1,564    | -1,704    |
|   | O      |                |           |           |           |           |           |           |
| FHA-general and special risk program account:   |        |                |           |           |           |           |           |           |
| Appropriation, discretionary  | 371 BA | 231            | 495       | 375       | 384       | 392       | 401       | 410       |
| Appropriation, mandatory  | BA     |                | 46        |           |           |           |           |           |
| Outlays   | O      | 395            | 538       | 406       | 383       | 391       | 400       | 408       |
| Limitation on direct loan activity  |        | (50)           | (50)      | (50)      | (51)      | (52)      | (53)      | (55)      |
| Limitation on loan guarantee commitments  |        | (18,100)       | (21,000)  | (21,000)  | (21,468)  | (21,947)  | (22,436)  | (22,937)  |
| Total FHA-general and special risk program account  | BA     | 231            | 541       | 375       | 384       | 392       | 401       | 410       |
|   | O      | 395            | 538       | 406       | 383       | 391       | 400       | 408       |
| FHA-general and special risk insurance funds liquidating account:                           |        |                |           |           |           |           |           |           |
| Appropriation, mandatory  | 371 BA | 1,194          | 1,092     | 1,904     | 2,164     | 1,390     | 1,104     | 738       |
| Authority to borrow, mandatory  | BA     | 112            | 46        | 46        | 46        | 46        | 46        | 46        |
| Spending authority from offsetting collections, mandatory                                   | BA     | 861            | 933       | 684       | 494       | 714       | 613       | 521       |
| Outlays   | O      | 1,259          | 2,533     | 2,634     | 2,210     | 1,436     | 1,150     | 784       |
| FHA-general and special risk insurance funds liquidating account (gross)                    | BA     | 2,167          | 2,071     | 2,634     | 2,704     | 2,150     | 1,763     | 1,305     |
|   | O      | 1,259          | 2,533     | 2,634     | 2,210     | 1,436     | 1,150     | 784       |
| Change in uncollected customer payments from Federal sources                                | BA     | -45            |           |           |           |           |           |           |
| Total, offsetting collections (cash)  |        | -816           | -933      | -684      | -494      | -714      | -613      | -521      |
| Total FHA-general and special risk insurance funds liquidating account (net)                | BA     | 1,306          | 1,138     | 1,950     | 2,210     | 1,436     | 1,150     | 784       |
|   | O      | 443            | 1,600     | 1,950     | 1,716     | 722       | 537       | 263       |
| Housing for the elderly or handicapped fund liquidating account:                            |        |                |           |           |           |           |           |           |
| Appropriation, mandatory  | 371 BA |                | 87        | 87        | 87        | 87        | 87        | 87        |
| Spending authority from offsetting collections, mandatory                                   | BA     | 808            | 201       | 201       | 201       | 201       | 201       | 201       |
| Outlays   | O      | 380            | 317       | 317       | 317       | 317       | 317       | 317       |
| Housing for the elderly or handicapped fund liquidating account (gross)                     | BA     | 808            | 288       | 288       | 288       | 288       | 288       | 288       |
|   | O      | 380            | 317       | 317       | 317       | 317       | 317       | 317       |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Total, offsetting collections (cash) .....  |        | -808           | -751     | -751  | -751  | -751  | -751  | -751  |
| Total Housing for the elderly or handicapped fund liquidating account (net) ..... | BA     | -463           | -463     | -463  | -463  | -463  | -463  | -463  |
|   | O      | -428           | -434     | -434  | -434  | -434  | -434  | -434  |
| Nonprofit sponsor assistance liquidating account:                                 |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 604 BA | -6             |          |       |       |       |       |       |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Manufactured housing fees trust fund:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 376 BA |                | 17       | 17    | 18    | 18    | 19    | 19    |
| Outlays .....   | O      |                | 14       | 17    | 17    | 19    | 19    | 19    |
| Total Federal funds Housing Programs .....  | BA     | 3,743          | 6,727    | 3,360 | 3,662 | 2,930 | 2,688 | 2,367 |
|   | O      | -531           | 8,551    | 521   | 2,570 | 1,459 | 1,307 | 996   |
| Total Trust funds Housing Programs .....  | BA     |                | 17       | 17    | 18    | 18    | 19    | 19    |
|   | O      |                | 14       | 17    | 17    | 19    | 19    | 19    |

**Government National Mortgage Association**

*Federal funds*

**Credit Accounts:**

|  |        |           |           |           |           |           |           |           |
|--|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Guarantees of mortgage-backed securities loan guarantee program account:       |        |           |           |           |           |           |           |           |
| Appropriation, discretionary .....   | 371 BA | 9         | 9         | 9         | 9         | 9         | 10        | 10        |
| Outlays .....  | O      | 9         | 9         | 9         | 9         | 9         | 10        | 10        |
| Limitation on loan guarantee commitments .....                                 |        | (200,000) | (200,000) | (200,000) | (204,460) | (209,019) | (213,681) | (218,446) |
| Guarantees of mortgage-backed securities liquidating account:                  |        |           |           |           |           |           |           |           |
| Spending authority from offsetting collections, mandatory .....                | 371 BA | 456       | 414       | 58        |           |           |           |           |
| Outlays .....  | O      | 67        | 6,630     | 58        |           |           |           |           |
| Guarantees of mortgage-backed securities liquidating account (gross) .....     | BA     | 456       | 414       | 58        |           |           |           |           |
|  | O      | 67        | 6,630     | 58        |           |           |           |           |
| Total, offsetting collections (cash) .....                                     |        | -456      | -414      | -58       |           |           |           |           |
| Total Guarantees of mortgage-backed securities liquidating account (net) ..... | BA     |           |           |           |           |           |           |           |
|  | O      | -389      | 6,216     |           |           |           |           |           |
| Total Federal funds Government National Mortgage Association .....             | BA     | 9         | 9         | 9         | 9         | 9         | 10        | 10        |
|  | O      | -380      | 6,225     | 9         | 9         | 9         | 10        | 10        |

**Policy Development and Research**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Research and technology:           |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 451 BA | 45 | 54 | 43 | 44 | 45 | 46 | 47 |
| Outlays .....                      | O      | 43 | 58 | 60 | 52 | 45 | 45 | 46 |

**Fair Housing and Equal Opportunity**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Fair housing activities:           |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 751 BA | 44 | 46 | 46 | 47 | 48 | 49 | 50 |
| Outlays .....                      | O      | 33 | 37 | 37 | 51 | 46 | 47 | 48 |

**Office of Lead Hazard Control and Healthy Homes**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |     |     |     |     |     |     |
|------------------------------------|--------|----|-----|-----|-----|-----|-----|-----|
| Lead hazard reduction:             |        |    |     |     |     |     |     |     |
| Appropriation, discretionary ..... | 451 BA | 80 | 100 | 110 | 112 | 115 | 118 | 120 |
| Outlays .....                      | O      | 95 | 95  | 95  | 98  | 92  | 107 | 112 |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |     | 2000<br>actual | estimate |      |       |       |       |       |       |
|---|-----|----------------|----------|------|-------|-------|-------|-------|-------|
|   |     |                | 2001     | 2002 | 2003  | 2004  | 2005  | 2006  |       |
| <b>Management and Administration</b>                                  |     |                |          |      |       |       |       |       |       |
| <i>Federal funds</i>  |     |                |          |      |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |     |                |          |      |       |       |       |       |       |
| Salaries and expenses   |     |                |          |      |       |       |       |       |       |
| (Community development):  |     |                |          |      |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 451 | BA             | 65       | 76   | 78    | 80    | 82    | 83    | 85    |
| (Spending authority from offsetting collections, discretionary) ..... |     | BA             | 1        | 1    | 1     | 1     | 1     | 1     | 1     |
| (Outlays) .....   |     | O              | 60       | 77   | 78    | 80    | 82    | 84    | 86    |
| Salaries and expenses (gross) .....                                   |     | BA             | 66       | 77   | 79    | 81    | 83    | 84    | 86    |
|   |     | O              | 60       | 77   | 78    | 80    | 82    | 84    | 86    |
| Total, offsetting collections (cash) .....                            |     |                | -1       | -1   | -1    | -1    | -1    | -1    | -1    |
| Total (Community development) (net) .....                             |     | BA             | 65       | 76   | 78    | 80    | 82    | 83    | 85    |
|   |     | O              | 59       | 76   | 77    | 79    | 81    | 83    | 85    |
| (Housing assistance):   |     |                |          |      |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 604 | BA             | 349      | 394  | 404   | 413   | 422   | 432   | 441   |
| (Spending authority from offsetting collections, discretionary) ..... |     | BA             | 534      | 527  | 540   | 540   | 540   | 540   | 540   |
| (Outlays) .....   |     | O              | 850      | 922  | 942   | 951   | 960   | 969   | 979   |
| Salaries and expenses (gross) .....                                   |     | BA             | 948      | 997  | 1,022 | 1,033 | 1,044 | 1,055 | 1,066 |
|   |     | O              | 909      | 998  | 1,019 | 1,030 | 1,041 | 1,052 | 1,064 |
| Total, offsetting collections (cash) .....                            |     |                | -534     | -527 | -540  | -540  | -540  | -540  | -540  |
| Total (Housing assistance) (net) .....                                |     | BA             | 349      | 394  | 404   | 413   | 422   | 432   | 441   |
|   |     | O              | 316      | 395  | 402   | 411   | 420   | 429   | 439   |
| (Federal law enforcement activities):                                 |     |                |          |      |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 751 | BA             | 63       | 72   | 74    | 76    | 77    | 79    | 81    |
| (Outlays) .....   |     | O              | 58       | 71   | 74    | 75    | 77    | 79    | 80    |
| Total Salaries and expenses .....                                     |     | BA             | 477      | 542  | 556   | 569   | 581   | 594   | 607   |
|   |     | O              | 433      | 542  | 553   | 565   | 578   | 591   | 604   |
| Office of Inspector General:  |     |                |          |      |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 451 | BA             | 51       | 53   | 62    | 63    | 65    | 66    | 68    |
| Spending authority from offsetting collections, discretionary .....   |     | BA             | 33       | 33   | 32    | 32    | 32    | 32    | 32    |
| Outlays .....   |     | O              | 113      | 90   | 92    | 95    | 97    | 98    | 99    |
| Office of Inspector General (gross) .....                             |     | BA             | 84       | 86   | 94    | 95    | 97    | 98    | 100   |
|   |     | O              | 113      | 90   | 92    | 95    | 97    | 98    | 99    |
| Total, offsetting collections (cash) .....                            |     |                | -33      | -33  | -32   | -32   | -32   | -32   | -32   |
| Total Office of Inspector General (net) .....                         |     | BA             | 51       | 53   | 62    | 63    | 65    | 66    | 68    |
|   |     | O              | 80       | 57   | 60    | 63    | 65    | 66    | 67    |
| Consolidated fee fund:  |     |                |          |      |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 604 | BA             |          |      | -7    |       |       |       |       |
| Appropriation, mandatory .....  |     | BA             | 16       |      |       |       |       |       |       |
| Outlays .....   |     | O              |          | 1    |       |       |       |       |       |
| Total Consolidated fee fund .....                                     |     | BA             | 16       |      | -7    |       |       |       |       |
|   |     | O              |          | 1    |       |       |       |       |       |
| Office of Federal Housing Enterprise Oversight:                       |     |                |          |      |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 371 | BA             | 19       | 22   | 27    | 27    | 28    | 29    | 29    |
| Outlays .....   |     | O              | 18       | 22   | 26    | 27    | 29    | 29    | 30    |
| <b>Intragovernmental Funds:</b>                                       |     |                |          |      |       |       |       |       |       |
| Working capital fund:   |     |                |          |      |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....       | 451 | BA             | 265      | 327  | 362   | 370   | 379   | 388   | 398   |
| Outlays .....   |     | O              | 299      | 327  | 362   | 370   | 379   | 388   | 398   |
| Working capital fund (gross) .....                                    |     | BA             | 265      | 327  | 362   | 370   | 379   | 388   | 398   |
|   |     | O              | 299      | 327  | 362   | 370   | 379   | 388   | 398   |
| Change in uncollected customer payments from Federal sources .....    |     | BA             | -10      | -13  |       |       |       |       |       |

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual   | estimate         |                  |                  |                  |                  |                  |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |          |                  | 2001             | 2002             | 2003             | 2004             | 2005             | 2006             |
| Total, offsetting collections (cash)              |          | -255             | -314             | -362             | -370             | -379             | -388             | -398             |
| Total Working capital fund (net)                  | BA<br>O  | 44<br>13         |                  |                  |                  |                  |                  |                  |
| Total Federal funds Management and Administration | BA<br>O  | 563<br>575       | 617<br>635       | 638<br>639       | 659<br>655       | 674<br>672       | 689<br>686       | 704<br>701       |
| <b>Summary</b>                                    |          |                  |                  |                  |                  |                  |                  |                  |
| Federal funds:                                    |          |                  |                  |                  |                  |                  |                  |                  |
| (As shown in detail above)                        | BA<br>O  | 24,717<br>31,221 | 35,991<br>48,727 | 39,254<br>36,059 | 37,365<br>38,826 | 37,947<br>37,873 | 39,074<br>38,076 | 39,766<br>38,388 |
| Deductions for offsetting receipts:               |          |                  |                  |                  |                  |                  |                  |                  |
| Intrafund transactions                            | 371 BA/O |                  | -10,637          | -439             | -482             | -667             | -861             | -1,059           |
| Proprietary receipts from the public              | 371 BA/O |                  | -374             | -769             | -799             | -3,434           | -3,706           | -3,676           |
| Offsetting governmental receipts                  | 371 BA/O |                  | -19              | -22              | -27              | -27              | -29              | -29              |
| Total Federal funds                               | BA<br>O  | 24,324<br>30,828 | 24,563<br>37,299 | 37,989<br>34,794 | 33,422<br>34,883 | 33,547<br>33,473 | 34,447<br>33,449 | 35,002<br>33,624 |
| Trust funds:                                      |          |                  |                  |                  |                  |                  |                  |                  |
| (As shown in detail above)                        | BA<br>O  |                  |                  | 17<br>14         | 17<br>17         | 18<br>17         | 18<br>19         | 19<br>19         |
| Deductions for offsetting receipts:               |          |                  |                  |                  |                  |                  |                  |                  |
| Offsetting governmental receipts                  | 376 BA/O |                  |                  | -17              | -17              | -17              | -18              | -18              |
| Total Trust funds                                 | BA<br>O  |                  |                  |                  |                  | 1                | 1                | 1                |
| Total Department of Housing and Urban Development | BA<br>O  | 24,324<br>30,828 | 24,563<br>37,299 | 37,989<br>34,791 | 33,422<br>34,883 | 33,548<br>33,473 | 34,447<br>33,450 | 35,003<br>33,625 |

**DEPARTMENT OF THE INTERIOR**  
(In millions of dollars)

| Account   |         | 2000<br>actual | estimate   |            |            |            |            |            |
|---|---------|----------------|------------|------------|------------|------------|------------|------------|
|   |         |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| <b>Land and Minerals Management</b>                           |         |                |            |            |            |            |            |            |
| <i>Bureau of Land Management</i>                              |         |                |            |            |            |            |            |            |
| <i>Federal funds</i>  |         |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>                             |         |                |            |            |            |            |            |            |
| Management of lands and resources:                            |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                  | 302 BA  | 670            | 753        | 760        | 782        | 799        | 818        | 836        |
| Outlays   | O       | 692            | 772        | 808        | 859        | 848        | 868        | 886        |
| Spending authority from offsetting collections, discretionary | BA      | 32             | 54         | 54         | 54         | 54         | 54         | 54         |
| Outlays   | O       | 692            | 772        | 808        | 859        | 848        | 868        | 886        |
| Management of lands and resources (gross)                     | BA<br>O | 702<br>692     | 807<br>772 | 814<br>808 | 831<br>855 | 848<br>843 | 866<br>863 | 884<br>880 |
| Total, offsetting collections (cash)                          |         | -32            | -54        | -54        | -54        | -54        | -54        | -54        |
| Total Management of lands and resources (net)                 | BA<br>O | 670<br>660     | 753<br>718 | 760<br>754 | 777<br>801 | 794<br>789 | 812<br>809 | 830<br>826 |
| Construction:   |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                  | 302 BA  | 11             | 17         | 11         | 11         | 11         | 12         | 12         |
| Outlays   | O       | 7              | 10         | 12         | 19         | 14         | 12         | 12         |
| Payments in lieu of taxes:                                    |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                  | 806 BA  | 133            | 200        | 150        | 153        | 157        | 160        | 164        |
| Outlays   | O       | 133            | 200        | 150        | 153        | 157        | 160        | 164        |
| Oregon and California grant lands:                            |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                  | 302 BA  | 99             | 104        | 105        | 107        | 110        | 112        | 115        |
| Outlays   | O       | 99             | 99         | 106        | 111        | 108        | 111        | 114        |
| Wildland fire management:                                     |         |                |            |            |            |            |            |            |
| Appropriation, discretionary                                  | 302 BA  | 490            | 978        | 658        | 673        | 688        | 703        | 719        |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |                |                    |                |                |
|---|--------|----------------|----------|------|----------------|--------------------|----------------|----------------|
|   |        |                | 2001     | 2002 | 2003           | 2004               | 2005           | 2006           |
| Spending authority from offsetting collections, discretionary ..... | BA     | 55             | 16       | 16   | 37             | 37                 | 37             | 37             |
| Outlays .....   | O      | 602            | 690      | 870  | 806            | 720                | 735            | 751            |
| Wildland fire management (gross) .....                              | BA     | 545            | 994      | 674  | 710            | 725                | 740            | 756            |
| Outlays .....   | O      | 602            | 690      | 870  | 806            | 720                | 735            | 751            |
| Change in uncollected customer payments from Federal sources .....  | BA     | -18            | 21       | 21   |                |                    |                |                |
| Total, offsetting collections (cash) .....                          |        | -37            | -37      | -37  | -37            | -37                | -37            | -37            |
| Total Wildland fire management (net) .....                          | BA     | 490            | 978      | 658  | 673            | 688                | 703            | 719            |
|   | O      | 565            | 653      | 833  | 769            | 683                | 698            | 714            |
| Central hazardous materials fund:                                   |        |                |          |      |                |                    |                |                |
| Appropriation, discretionary .....                                  | 304 BA | 10             | 10       | 10   | 10             | 10                 | 11             | 11             |
| Outlays .....   | O      | 9              | 13       | 10   | 13             | 17                 | 10             | 11             |
| Land acquisition:   |        |                |          |      |                |                    |                |                |
| Appropriation, discretionary .....                                  | 302 BA | 18             | 56       | 48   | 48             | 48                 | 48             | 48             |
| Spending authority from offsetting collections, discretionary ..... | BA     | 31             |          |      |                |                    |                |                |
| Outlays .....   | O      | 53             | 32       | 46   | 65             | 48                 | 48             | 48             |
| Land acquisition (gross) .....                                      | BA     | 49             | 56       | 48   | 48             | 48                 | 48             | 48             |
| Outlays .....   | O      | 53             | 32       | 46   | 65             | 48                 | 48             | 48             |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             | 1        |      |                |                    |                |                |
| Total, offsetting collections (cash) .....                          |        | -30            | -1       |      |                |                    |                |                |
| Total Land acquisition (net) .....                                  | BA     | 18             | 56       | 48   | 48             | 48                 | 48             | 48             |
|   | O      | 23             | 31       | 46   | 65             | 48                 | 48             | 48             |
| Range improvements:   |        |                |          |      |                |                    |                |                |
| Appropriation, mandatory .....                                      | 302 BA | 10             | 10       | 10   | 10             | 10                 | 10             | 10             |
| Outlays .....   | O      | 9              | 9        | 10   | 10             | 10                 | 10             | 10             |
| Service charges, deposits, and forfeitures:                         |        |                |          |      |                |                    |                |                |
| Appropriation, discretionary .....                                  | 302 BA | 13             | 8        | 7    | 7              | 7                  | 7              | 8              |
| Outlays .....   | O      | 13             | 11       | 12   | 8              | 8                  | 8              | 8              |
| Permanent operating funds:  |        |                |          |      |                |                    |                |                |
| Appropriation, mandatory .....                                      | 302 BA | 37             | 77       | 93   | 72             | 72                 | 72             | 71             |
|   |        |                |          |      | <sup>B</sup> 8 | <sup>B</sup> 8     | <sup>B</sup> 8 | <sup>B</sup> 8 |
| Outlays .....   | O      | 28             | 78       | 93   | 72             | 72                 | 72             | 71             |
|   |        |                |          |      | <sup>B</sup> 6 | <sup>B</sup> 8     | <sup>B</sup> 8 | <sup>B</sup> 8 |
| Total Permanent operating funds .....                               | BA     | 37             | 77       | 93   | 80             | 80                 | 80             | 79             |
|   | O      | 28             | 78       | 93   | 78             | 80                 | 80             | 79             |
| Miscellaneous permanent payment accounts                            |        |                |          |      |                |                    |                |                |
| (Conservation and land management):                                 |        |                |          |      |                |                    |                |                |
| (Appropriation, mandatory) .....                                    | 302 BA | 7              | 13       | 13   | 12             | 12                 | 12             | 12             |
| (Outlays) .....   | O      | 2              | 11       | 13   | 12             | 12                 | 12             | 12             |
| (General purpose fiscal assistance):                                |        |                |          |      |                |                    |                |                |
| (Appropriation, mandatory) .....                                    | 806 BA | 104            | 8        | 120  | 120            | 120                | 129            | 124            |
| (Outlays) .....   | O      | 104            | 8        | 114  | 120            | 120                | 129            | 124            |
| Total Miscellaneous permanent payment accounts .....                | BA     | 111            | 21       | 133  | 132            | 132                | 141            | 136            |
|   | O      | 106            | 19       | 127  | 132            | 132                | 141            | 136            |
| Payment to Alaska, Arctic National Wildlife Refuge:                 |        |                |          |      |                |                    |                |                |
| Appropriation, mandatory .....                                      | 806 BA |                |          |      |                | <sup>B</sup> 1,201 | <sup>B</sup> 1 | <sup>B</sup> 1 |
| Outlays .....   | O      |                |          |      |                | <sup>B</sup> 1,201 | <sup>B</sup> 1 | <sup>B</sup> 1 |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |      |                |                    |                |                |
| Helium fund:  |        |                |          |      |                |                    |                |                |
| Spending authority from offsetting collections, mandatory .....     | 306 BA | 21             | 14       | 15   | 15             | 15                 | 15             | 15             |
| Outlays .....   | O      | 6              | 11       | 8    | 12             | 15                 | 15             | 15             |
| Helium fund (gross) .....   | BA     | 21             | 14       | 15   | 15             | 15                 | 15             | 15             |
| Outlays .....   | O      | 6              | 11       | 8    | 12             | 15                 | 15             | 15             |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2             | 1        |      |                |                    |                |                |
| Total, offsetting collections (cash) .....                          |        | -19            | -15      | -15  | -15            | -15                | -15            | -15            |
| Total Helium fund (net) .....                                       | BA     |                |          |      |                |                    |                |                |
|   | O      | -13            | -4       | -7   | -3             |                    |                |                |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Intragovernmental Funds:</b>   |        |                |          |       |       |       |       |       |
| Working capital fund:   |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....             | 302 BA | 29             | 33       | 31    | 24    | 24    | 24    | 24    |
| Outlays .....   | O      | 18             | 36       | 36    | 29    | 29    | 29    | 29    |
| Working capital fund (gross) .....  | BA     | 29             | 33       | 31    | 24    | 24    | 24    | 24    |
|   | O      | 18             | 36       | 36    | 29    | 29    | 29    | 29    |
| Total, offsetting collections (cash) .....                                      |        | -29            | -33      | -31   | -24   | -24   | -24   | -24   |
| Total Working capital fund (net) .....  | BA     |                |          |       |       |       |       |       |
|   | O      | -11            | 3        | 5     | 5     | 5     | 5     | 5     |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Miscellaneous trust funds:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 302 BA | 14             | 14       | 14    | 14    | 14    | 14    | 14    |
| Outlays .....   | O      | 10             | 12       | 14    | 14    | 14    | 14    | 14    |
| Total Federal funds Bureau of Land Management .....                             | BA     | 1,602          | 2,234    | 1,985 | 2,008 | 3,248 | 2,097 | 2,133 |
|   | O      | 1,628          | 1,840    | 2,151 | 2,161 | 3,252 | 2,093 | 2,128 |
| Total Trust funds Bureau of Land Management .....                               | BA     | 14             | 14       | 14    | 14    | 14    | 14    | 14    |
|   | O      | 10             | 12       | 14    | 14    | 14    | 14    | 14    |
| <i>Minerals Management Service</i>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>   |        |                |          |       |       |       |       |       |
| Royalty and offshore minerals management:                                       |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 302 BA | 110            | 133      | 149   | 152   | 156   | 159   | 163   |
| Spending authority from offsetting collections, discretionary .....             | BA     | 124            | 107      | 103   | 103   | 103   | 103   | 103   |
| Spending authority from offsetting collections, mandatory .....                 | BA     | 185            | 198      | 217   | 217   | 217   | 217   | 217   |
| Outlays .....   | O      | 412            | 430      | 462   | 467   | 472   | 480   | 482   |
| Royalty and offshore minerals management (gross) .....                          | BA     | 419            | 438      | 469   | 472   | 476   | 479   | 483   |
|   | O      | 412            | 430      | 462   | 467   | 472   | 480   | 482   |
| Total, offsetting collections (cash) .....                                      |        | -309           | -305     | -320  | -320  | -320  | -320  | -320  |
| Total Royalty and offshore minerals management (net) .....                      | BA     | 110            | 133      | 149   | 152   | 156   | 159   | 163   |
|   | O      | 103            | 125      | 142   | 147   | 152   | 160   | 162   |
| Mineral leasing and associated payments<br>(General purpose fiscal assistance): |        |                |          |       |       |       |       |       |
| (Appropriation, mandatory) .....  | 806 BA | 691            | 1,094    | 983   | 977   | 987   | 988   | 987   |
| (Outlays) .....   | O      | 691            | 1,094    | 983   | 977   | 987   | 988   | 987   |
| Total Mineral leasing and associated payments .....                             | BA     | 691            | 1,094    | 983   | 977   | 987   | 988   | 987   |
|   | O      | 691            | 1,094    | 983   | 977   | 987   | 988   | 987   |
| National forests fund, Payment to States:                                       |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 302 BA | 3              | 5        | 5     | 5     | 5     | 6     | 5     |
| Outlays .....   | O      | 3              | 5        | 5     | 5     | 5     | 6     | 5     |
| Leases of lands acquired for flood control, navigation, and allied purposes:    |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....  | 302 BA | 1              | 2        | 2     | 1     | 2     | 2     | 2     |
| Outlays .....   | O      | 1              | 2        | 2     | 1     | 2     | 2     | 2     |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Oil spill research:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 302 BA | 6              | 6        | 6     | 6     | 6     | 6     | 7     |
| Outlays .....   | O      | 6              | 6        | 8     | 9     | 7     | 7     | 7     |
| Total Federal funds Minerals Management Service .....                           | BA     | 805            | 1,234    | 1,139 | 1,135 | 1,150 | 1,155 | 1,157 |
|   | O      | 798            | 1,226    | 1,132 | 1,130 | 1,146 | 1,156 | 1,156 |
| Total Trust funds Minerals Management Service .....                             | BA     | 6              | 6        | 6     | 6     | 6     | 6     | 7     |
|   | O      | 6              | 6        | 8     | 9     | 7     | 7     | 7     |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Office of Surface Mining Reclamation and Enforcement</i>                    |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Regulation and technology:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 302 BA | 106            | 101      | 102   | 104   | 107   | 109   | 111   |
| Spending authority from offsetting collections, discretionary .....            | BA     | 2              | 2        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  | O      | 99             | 98       | 110   | 108   | 107   | 109   | 111   |
| Regulation and technology (gross) .....  | BA     | 108            | 103      | 103   | 105   | 108   | 110   | 112   |
|  | O      | 99             | 98       | 110   | 108   | 107   | 109   | 111   |
| Total, offsetting collections (cash) .....                                     |        | -2             | -2       | -1    | -1    | -1    | -1    | -1    |
| Total Regulation and technology (net) .....                                    | BA     | 106            | 101      | 102   | 104   | 107   | 109   | 111   |
|  | O      | 97             | 96       | 109   | 107   | 106   | 108   | 110   |
| Abandoned mine reclamation fund  |        |                |          |       |       |       |       |       |
| (Conservation and land management):  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....   | 302 BA | 196            | 214      | 167   | 171   | 175   | 178   | 182   |
| (Outlays) .....  | O      | 184            | 177      | 133   | 128   | 151   | 179   | 176   |
| (Health care services):  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....   | 551 BA | 68             | 97       |       |       |       |       |       |
| (Appropriation, mandatory) .....   | BA     | 41             | 103      | 92    | 52    | 49    | 46    | 43    |
| (Outlays) .....  | O      | 109            | 200      | 92    | 52    | 49    | 46    | 43    |
| Total (Health care services) .....   | BA     | 109            | 200      | 92    | 52    | 49    | 46    | 43    |
|  | O      | 109            | 200      | 92    | 52    | 49    | 46    | 43    |
| Total Abandoned mine reclamation fund .....                                    | BA     | 305            | 414      | 259   | 223   | 224   | 224   | 225   |
|  | O      | 293            | 377      | 225   | 180   | 200   | 225   | 219   |
| Total Federal funds Office of Surface Mining Reclamation and Enforcement ..... | BA     | 411            | 515      | 361   | 327   | 331   | 333   | 336   |
|  | O      | 390            | 473      | 334   | 287   | 306   | 333   | 329   |
| Total Federal funds Land and Minerals Management .....                         | BA     | 2,818          | 3,983    | 3,485 | 3,470 | 4,729 | 3,585 | 3,626 |
|  | O      | 2,816          | 3,539    | 3,617 | 3,578 | 4,704 | 3,582 | 3,613 |
| Total Trust funds Land and Minerals Management .....                           | BA     | 20             | 20       | 20    | 20    | 20    | 20    | 21    |
|  | O      | 16             | 18       | 22    | 23    | 21    | 21    | 21    |

**Water and Science**

*Bureau of Reclamation*

*Federal funds*

|   |        |      |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|------|
| <b>General and Special Funds:</b>                                   |        |      |      |      |      |      |      |      |
| Water and related resources:  |        |      |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 301 BA | 587  | 638  | 605  | 618  | 632  | 646  | 661  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 166  | 176  | 177  | 179  | 179  | 179  | 179  |
| Outlays .....   | O      | 785  | 834  | 794  | 791  | 805  | 820  | 834  |
| Water and related resources (gross) .....                           | BA     | 753  | 814  | 782  | 797  | 811  | 825  | 840  |
|   | O      | 785  | 834  | 794  | 791  | 805  | 820  | 834  |
| Change in uncollected customer payments from Federal sources .....  | BA     | -15  |      |      |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -151 | -176 | -177 | -179 | -179 | -179 | -179 |
| Total Water and related resources (net) .....                       | BA     | 587  | 638  | 605  | 618  | 632  | 646  | 661  |
|   | O      | 634  | 658  | 617  | 612  | 626  | 641  | 655  |
| California Bay-Delta restoration:                                   |        |      |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 301 BA | 60   |      | 20   | 20   | 21   | 21   | 22   |
| Outlays .....   | O      | 39   | 154  | 7    | 20   | 20   | 21   | 22   |
| Policy and administration:  |        |      |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 301 BA | 47   | 50   | 53   | 54   | 55   | 57   | 58   |
| Outlays .....   | O      | 47   | 54   | 53   | 54   | 55   | 57   | 58   |
| Central Valley project restoration fund:                            |        |      |      |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 301 BA | 42   | 38   | 55   | 56   | 57   | 59   | 60   |
| Outlays .....   | O      | 34   | 69   | 52   | 56   | 57   | 58   | 60   |
| Colorado River dam fund, Boulder Canyon project:                    |        |      |      |      |      |      |      |      |
| Appropriation, mandatory .....                                      | 301 BA | 66   | 66   | 80   | 81   | 80   | 80   | 80   |
| Outlays .....   | O      | 62   | 52   | 71   | 79   | 79   | 79   | 78   |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Dutch John community assistance:                              |        |                |          |      |      |      |      |      |
| Appropriation, mandatory                                      | 806 BA | 1              |          |      |      |      |      |      |
| Outlays   | O      | 1              |          |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>                               |        |                |          |      |      |      |      |      |
| Lower Colorado River Basin development fund:                  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 301 BA | 20             | 39       | 32   | 33   | 33   | 34   | 35   |
| Spending authority from offsetting collections, mandatory     | BA     | 54             | 160      | 159  | 156  | 157  | 156  | 155  |
| Outlays   | O      | 119            | 138      | 173  | 169  | 167  | 168  | 168  |
| Lower Colorado River Basin development fund (gross)           | BA     | 74             | 199      | 191  | 189  | 190  | 190  | 190  |
|   | O      | 119            | 138      | 173  | 169  | 167  | 168  | 168  |
| Change in uncollected customer payments from Federal sources  | BA     | 87             |          |      |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -141           | -160     | -159 | -156 | -157 | -156 | -155 |
| Total Lower Colorado River Basin development fund (net)       | BA     | 20             | 39       | 32   | 33   | 33   | 34   | 35   |
|   | O      | -22            | -22      | 14   | 13   | 10   | 12   | 13   |
| Upper Colorado River Basin fund:                              |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 301 BA | 1              | 2        | 11   | 11   | 11   | 12   | 12   |
| Spending authority from offsetting collections, mandatory     | BA     | 67             | 60       | 129  | 60   | 60   | 60   | 60   |
| Outlays   | O      | 60             | 70       | 40   | 98   | 70   | 71   | 71   |
| Upper Colorado River Basin fund (gross)                       | BA     | 68             | 62       | 140  | 71   | 71   | 72   | 72   |
|   | O      | 60             | 70       | 40   | 98   | 70   | 71   | 71   |
| Total, offsetting collections (cash)                          |        | -67            | -60      | -129 | -60  | -60  | -60  | -60  |
| Total Upper Colorado River Basin fund (net)                   | BA     | 1              | 2        | 11   | 11   | 11   | 12   | 12   |
|   | O      | -7             | 10       | -89  | 38   | 10   | 11   | 11   |
| <b>Intragovernmental Funds:</b>                               |        |                |          |      |      |      |      |      |
| Working capital fund:   |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary | 301 BA | 270            | 290      | 292  | 298  | 304  | 311  | 317  |
| Outlays   | O      | 277            | 261      | 293  | 296  | 303  | 310  | 316  |
| Working capital fund (gross)                                  | BA     | 270            | 290      | 292  | 298  | 304  | 311  | 317  |
|   | O      | 277            | 261      | 293  | 296  | 303  | 310  | 316  |
| Change in uncollected customer payments from Federal sources  | BA     | -3             |          |      |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -267           | -290     | -292 | -298 | -304 | -311 | -317 |
| Total Working capital fund (net)                              | BA     |                |          |      |      |      |      |      |
|   | O      | 10             | -29      | 1    | -2   | -1   | -1   | -1   |
| <b>Credit Accounts:</b>                                       |        |                |          |      |      |      |      |      |
| Bureau of Reclamation loan program account:                   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 301 BA | 11             | 9        | 7    | 7    | 7    | 7    | 8    |
| Appropriation, mandatory                                      | BA     | 1              | 3        |      |      |      |      |      |
| Outlays   | O      | 10             | 17       | 7    | 7    | 8    | 8    | 8    |
| Limitations on direct loan activity                           |        | (43)           | (27)     | (26) | (27) | (27) | (28) | (28) |
| Total Bureau of Reclamation loan program account              | BA     | 12             | 12       | 7    | 7    | 7    | 7    | 8    |
|   | O      | 10             | 17       | 7    | 7    | 8    | 8    | 8    |
| Bureau of Reclamation loan liquidating account:               |        |                |          |      |      |      |      |      |
| Total, offsetting collections (cash)                          | 301    |                | -4       | -4   | -4   | -4   | -3   | -3   |
| <i>Trust funds</i>  |        |                |          |      |      |      |      |      |
| Reclamation trust funds:                                      |        |                |          |      |      |      |      |      |
| Appropriation, mandatory                                      | 301 BA | 12             |          |      |      |      |      |      |
| Outlays   | O      | 14             | 39       |      |      |      |      |      |
| Total Federal funds Bureau of Reclamation                     | BA     | 836            | 841      | 859  | 876  | 892  | 913  | 933  |
|   | O      | 808            | 959      | 729  | 873  | 860  | 883  | 901  |
| Total Trust funds Bureau of Reclamation                       | BA     | 12             |          |      |      |      |      |      |
|   | O      | 14             | 39       |      |      |      |      |      |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Central Utah Project</i>   |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Central Utah Project completion account:                            |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 301 BA | 29             | 26       | 25    | 26    | 26    | 27    | 27    |
| Outlays .....   | O      | 28             | 31       | 25    | 25    | 26    | 26    | 27    |
| Utah reclamation mitigation and conservation account:               |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 301 BA | 16             | 21       | 12    | 12    | 12    | 13    | 13    |
| Outlays .....   | O      | 24             | 23       | 18    | 12    | 13    | 13    | 13    |
| Total Federal funds Central Utah Project .....                      | BA     | 45             | 47       | 37    | 38    | 38    | 40    | 40    |
|   | O      | 52             | 54       | 43    | 37    | 39    | 39    | 40    |
| <i>United States Geological Survey</i>                              |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Surveys, investigations, and research:                              |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 306 BA | 815            | 883      | 813   | 831   | 850   | 869   | 888   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 369            | 360      | 360   | 360   | 360   | 360   | 360   |
| Outlays .....   | O      | 1,180          | 1,276    | 1,217 | 1,230 | 1,232 | 1,225 | 1,245 |
| Surveys, investigations, and research (gross) .....                 | BA     | 1,184          | 1,243    | 1,173 | 1,191 | 1,210 | 1,229 | 1,248 |
|   | O      | 1,180          | 1,276    | 1,217 | 1,230 | 1,232 | 1,225 | 1,245 |
| Change in uncollected customer payments from Federal sources .....  | BA     | 5              |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                          |        | -374           | -360     | -360  | -360  | -360  | -360  | -360  |
| Total Surveys, investigations, and research (net) .....             | BA     | 815            | 883      | 813   | 831   | 850   | 869   | 888   |
|   | O      | 806            | 916      | 857   | 870   | 872   | 865   | 885   |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Working capital fund:   |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....     | 306 BA | 38             | 33       | 37    | 36    | 36    | 38    | 40    |
| Outlays .....   | O      | 35             | 41       | 25    | 30    | 34    | 37    | 38    |
| Working capital fund (gross) .....                                  | BA     | 38             | 33       | 37    | 36    | 36    | 38    | 40    |
|   | O      | 35             | 41       | 25    | 30    | 34    | 37    | 38    |
| Change in uncollected customer payments from Federal sources .....  | BA     | 8              | -1       |       |       |       |       |       |
| Total, offsetting collections (cash) .....                          |        | -46            | -32      | -37   | -36   | -36   | -38   | -40   |
| Total Working capital fund (net) .....                              | BA     |                |          |       |       |       |       |       |
|   | O      | -11            | 9        | -12   | -6    | -2    | -1    | -2    |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |
| Contributed funds:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 306 BA | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....   | O      | 2              | 1        | 1     | 1     | 1     | 1     | 1     |
| Total Federal funds United States Geological Survey .....           | BA     | 815            | 883      | 813   | 831   | 850   | 869   | 888   |
|   | O      | 795            | 925      | 845   | 864   | 870   | 864   | 883   |
| Total Trust funds United States Geological Survey .....             | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
|   | O      | 2              | 1        | 1     | 1     | 1     | 1     | 1     |
| <i>Bureau of Mines</i>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |       |
| Mines and minerals:   |        |                |          |       |       |       |       |       |
| Outlays .....   | 306 O  | 2              | 2        |       |       |       |       |       |
| Total Federal funds Water and Science .....                         | BA     | 1,696          | 1,771    | 1,709 | 1,745 | 1,780 | 1,822 | 1,861 |
|   | O      | 1,657          | 1,940    | 1,617 | 1,774 | 1,769 | 1,786 | 1,824 |
| Total Trust funds Water and Science .....                           | BA     | 13             | 1        | 1     | 1     | 1     | 1     | 1     |
|   | O      | 16             | 40       | 1     | 1     | 1     | 1     | 1     |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |      |      |      |
|--|--------|----------------|----------|-------|-------|------|------|------|
|  |        |                | 2001     | 2002  | 2003  | 2004 | 2005 | 2006 |
| <b>Fish and Wildlife and Parks</b>                                     |        |                |          |       |       |      |      |      |
| <i>United States Fish and Wildlife Service</i>                         |        |                |          |       |       |      |      |      |
| <i>Federal funds</i>   |        |                |          |       |       |      |      |      |
| <b>General and Special Funds:</b>                                      |        |                |          |       |       |      |      |      |
| Resource management:   |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 715            | 807      | 807   | 825   | 843  | 862  | 881  |
| Spending authority from offsetting collections, discretionary .....    | BA     | 96             | 106      | 106   | 106   | 106  | 106  | 106  |
| Outlays .....  | O      | 788            | 895      | 1,021 | 1,002 | 945  | 964  | 984  |
| Resource management (gross) .....                                      | BA     | 811            | 913      | 913   | 931   | 949  | 968  | 987  |
|  | O      | 788            | 895      | 1,021 | 1,002 | 945  | 964  | 984  |
| Change in uncollected customer payments from Federal sources .....     | BA     | 30             |          |       |       |      |      |      |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -29            |          |       |       |      |      |      |
| Total, offsetting collections (cash) .....                             |        | -97            | -106     | -106  | -111  | -111 | -111 | -111 |
| Total Resource management (net) .....                                  | BA     | 715            | 807      | 807   | 820   | 838  | 857  | 876  |
|  | O      | 691            | 789      | 915   | 891   | 834  | 853  | 873  |
| Construction:  |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 54             | 72       | 36    | 37    | 38   | 38   | 39   |
| Spending authority from offsetting collections, discretionary .....    | BA     | 2              | 2        | 2     | 2     | 2    | 2    | 2    |
| Outlays .....  | O      | 81             | 151      | 89    | 47    | 39   | 40   | 41   |
| Construction (gross) .....   | BA     | 56             | 74       | 38    | 39    | 40   | 40   | 41   |
|  | O      | 81             | 151      | 89    | 47    | 39   | 40   | 41   |
| Total, offsetting collections (cash) .....                             |        | -2             | -2       | -2    | -2    | -2   | -2   | -2   |
| Total Construction (net) .....   | BA     | 54             | 72       | 36    | 37    | 38   | 38   | 39   |
|  | O      | 79             | 149      | 87    | 45    | 37   | 38   | 39   |
| Multinational species conservation fund:                               |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 2              | 3        | 3     | 3     | 3    | 3    | 3    |
| Outlays .....  | O      | 3              | 3        | 4     | 3     | 3    | 3    | 3    |
| Commercial salmon fishery capacity reduction:                          |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 302 BA | 5              |          |       |       |      |      |      |
| Outlays .....  | O      |                | 5        |       |       |      |      |      |
| State wildlife grants:   |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 302 BA |                | 50       |       |       |      |      |      |
| Outlays .....  | O      |                | 8        | 10    | 18    | 15   |      |      |
| Land acquisition:  |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 52             | 121      | 164   | 164   | 164  | 164  | 164  |
| Spending authority from offsetting collections, discretionary .....    | BA     | 11             | 2        |       |       |      |      |      |
| Outlays .....  | O      | 79             | 97       | 127   | 176   | 164  | 164  | 164  |
| Land acquisition (gross) .....   | BA     | 63             | 123      | 164   | 164   | 164  | 164  | 164  |
|  | O      | 79             | 97       | 127   | 176   | 164  | 164  | 164  |
| Change in uncollected customer payments from Federal sources .....     | BA     | 5              |          |       |       |      |      |      |
| Total, offsetting collections (cash) .....                             |        | -16            | -2       |       |       |      |      |      |
| Total Land acquisition (net) .....                                     | BA     | 52             | 121      | 164   | 164   | 164  | 164  | 164  |
|  | O      | 63             | 95       | 127   | 176   | 164  | 164  | 164  |
| Wildlife conservation and appreciation fund:                           |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 1              | 1        |       |       |      |      |      |
| Outlays .....  | O      | 1              | 1        |       |       |      |      |      |
| Migratory bird conservation account:                                   |        |                |          |       |       |      |      |      |
| Appropriation, mandatory .....   | 303 BA | 44             | 44       | 44    | 44    | 44   | 44   | 44   |
| Outlays .....  | O      | 51             | 44       | 44    | 44    | 44   | 44   | 44   |
| North American wetlands conservation fund:                             |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 15             | 40       | 15    | 15    | 16   | 16   | 16   |
| Appropriation, mandatory .....   | BA     | 1              | 1        | 1     | 1     | 1    | 1    | 1    |
| Outlays .....  | O      | 17             | 34       | 24    | 17    | 17   | 17   | 17   |
| Total North American wetlands conservation fund .....                  | BA     | 16             | 41       | 16    | 16    | 17   | 17   | 17   |
|  | O      | 17             | 34       | 24    | 17    | 17   | 17   | 17   |
| Cooperative endangered species conservation fund:                      |        |                |          |       |       |      |      |      |
| Appropriation, discretionary .....                                     | 303 BA | 23             | 105      | 55    | 56    | 57   | 59   | 60   |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |           | 2000<br>actual | estimate     |              |              |              |              |              |
|--|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |           |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Appropriation, mandatory .....   | BA        | 33             | 33           | 36           | 37           | 38           | 40           | 41           |
| Outlays .....  | O         | 46             | 61           | 100          | 115          | 94           | 97           | 99           |
| <b>Total Cooperative endangered species conservation fund .....</b>      | <b>BA</b> | <b>56</b>      | <b>138</b>   | <b>91</b>    | <b>93</b>    | <b>95</b>    | <b>99</b>    | <b>101</b>   |
|  | O         | 46             | 61           | 100          | 115          | 94           | 97           | 99           |
| <b>National wildlife refuge fund:</b>                                    |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 806 BA    | 11             | 11           | 11           | 11           | 11           | 12           | 12           |
| Appropriation, mandatory .....   | BA        | 7              | 7            | 7            | 7            | 8            | 8            | 8            |
| Outlays .....  | O         | 19             | 17           | 17           | 18           | 18           | 20           | 20           |
| <b>Total National wildlife refuge fund .....</b>                         | <b>BA</b> | <b>18</b>      | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>19</b>    | <b>20</b>    | <b>20</b>    |
|  | O         | 19             | 17           | 17           | 18           | 18           | 20           | 20           |
| <b>Recreational fee demonstration program:</b>                           |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 3              | 4            | 5            |              |              |              |              |
|  |           |                |              |              | B 5          | B 5          | B 5          | B 5          |
| Outlays .....  | O         | 3              | 4            | 6            | 2            |              |              |              |
|  |           |                |              |              | B 2          | B 2          | B 3          | B 3          |
| <b>Total Recreational fee demonstration program .....</b>                | <b>BA</b> | <b>3</b>       | <b>4</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     |
|  | O         | 3              | 4            | 6            | 4            | 2            | 3            | 3            |
| <b>Federal aid in wildlife restoration:</b>                              |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                       | 303 BA    |                | 50           |              |              |              |              |              |
| Appropriation, mandatory .....   | BA        | 226            | 238          | 240          | 241          | 251          | 257          | 265          |
| Outlays .....  | O         | 232            | 216          | 233          | 253          | 316          | 246          | 252          |
| <b>Total Federal aid in wildlife restoration .....</b>                   | <b>BA</b> | <b>226</b>     | <b>288</b>   | <b>240</b>   | <b>241</b>   | <b>251</b>   | <b>257</b>   | <b>265</b>   |
|  | O         | 232            | 216          | 233          | 253          | 316          | 246          | 252          |
| <b>Miscellaneous permanent appropriations:</b>                           |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 2              | 3            | 3            | 3            | 3            | 3            | 3            |
| Outlays .....  | O         | 2              | 3            | 5            | 3            | 3            | 3            | 3            |
| <i>Trust funds</i>   |           |                |              |              |              |              |              |              |
| <b>Sport fish restoration:</b>   |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 303            | 301          | 352          | 378          | 387          | 407          | 418          |
| Outlays .....  | O         | 285            | 295          | 311          | 341          | 404          | 386          | 402          |
| <b>Contributed funds:</b>  |           |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 303 BA    | 1              | 4            | 4            | 4            | 4            | 4            | 4            |
| Outlays .....  | O         | 4              | 2            | 5            | 4            | 4            | 4            | 4            |
| <b>Total Federal funds United States Fish and Wildlife Service .....</b> | <b>BA</b> | <b>1,194</b>   | <b>1,590</b> | <b>1,427</b> | <b>1,444</b> | <b>1,477</b> | <b>1,507</b> | <b>1,537</b> |
|  | O         | 1,207          | 1,429        | 1,572        | 1,587        | 1,547        | 1,488        | 1,517        |
| <b>Total Trust funds United States Fish and Wildlife Service .....</b>   | <b>BA</b> | <b>304</b>     | <b>305</b>   | <b>356</b>   | <b>382</b>   | <b>391</b>   | <b>411</b>   | <b>422</b>   |
|  | O         | 289            | 297          | 316          | 345          | 408          | 390          | 406          |

*National Park Service*  
*Federal funds*

**General and Special Funds:**

|   |           |              |              |              |              |              |              |              |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Operation of the national park system:</b>                       |           |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 303 BA    | 1,364        | 1,391        | 1,470        | 1,579        | 1,612        | 1,646        | 1,682        |
|   |           |              |              |              | J-76         | J-76         | J-76         | J-77         |
| Spending authority from offsetting collections, discretionary ..... | BA        | 24           | 14           | 14           | 14           | 14           | 14           | 14           |
| Outlays .....   | O         | 1,366        | 1,374        | 1,453        | 1,558        | 1,618        | 1,651        | 1,688        |
|   |           |              |              |              | J-57         | J-76         | J-76         | J-77         |
| <b>Operation of the national park system (gross) .....</b>          | <b>BA</b> | <b>1,388</b> | <b>1,405</b> | <b>1,484</b> | <b>1,517</b> | <b>1,550</b> | <b>1,584</b> | <b>1,619</b> |
|   | O         | 1,366        | 1,374        | 1,453        | 1,501        | 1,542        | 1,575        | 1,611        |
| Change in uncollected customer payments from Federal sources .....  | BA        | 2            | 1            |              |              |              |              |              |
| Total, offsetting collections (cash) .....                          |           | -26          | -15          | -14          | -14          | -14          | -14          | -14          |
| <b>Total Operation of the national park system (net) .....</b>      | <b>BA</b> | <b>1,364</b> | <b>1,391</b> | <b>1,470</b> | <b>1,503</b> | <b>1,536</b> | <b>1,570</b> | <b>1,605</b> |
|   | O         | 1,340        | 1,359        | 1,439        | 1,487        | 1,528        | 1,561        | 1,597        |
| <b>United States park police:</b>                                   |           |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 303 BA    |              | 78           | 65           | 66           | 68           | 69           | 71           |
| Outlays .....   | O         |              | 59           | 69           | 66           | 68           | 69           | 70           |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |                  |                  |                  |                  |
|--|--------|----------------|----------|------|------------------|------------------|------------------|------------------|
|  |        |                | 2001     | 2002 | 2003             | 2004             | 2005             | 2006             |
| National recreation and preservation:                            |        |                |          |      |                  |                  |                  |                  |
| Appropriation, discretionary                                     | 303 BA | 53             | 60       | 48   | 49               | 50               | 51               | 52               |
| Spending authority from offsetting collections, discretionary    | BA     | 1              | 1        | 1    |                  |                  |                  |                  |
| Outlays  | O      | 45             | 59       | 52   | 55               | 50               | 50               | 52               |
| National recreation and preservation (gross)                     | BA     | 54             | 61       | 49   | 49               | 50               | 51               | 52               |
|  | O      | 45             | 59       | 52   | 55               | 50               | 50               | 52               |
| Total, offsetting collections (cash)                             |        | -1             | -1       | -1   |                  |                  |                  |                  |
| Total National recreation and preservation (net)                 | BA     | 53             | 60       | 48   | 49               | 50               | 51               | 52               |
|  | O      | 44             | 58       | 51   | 55               | 50               | 50               | 52               |
| Urban park and recreation fund:                                  |        |                |          |      |                  |                  |                  |                  |
| Appropriation, discretionary                                     | 303 BA |                | 30       |      |                  |                  |                  |                  |
| Outlays  | O      | 1              | 3        | 6    | 15               | 8                |                  |                  |
| Construction and major maintenance:                              |        |                |          |      |                  |                  |                  |                  |
| Appropriation, discretionary                                     | 303 BA | 226            | 315      | 340  | 347              | 355              | 363              | 372              |
| Spending authority from offsetting collections, discretionary    | BA     | 89             | 118      | 118  | 80               | 80               | 80               | 80               |
| Outlays  | O      | 321            | 408      | 422  | 404              | 422              | 444              | 437              |
| Construction and major maintenance (gross)                       | BA     | 315            | 433      | 458  | 427              | 435              | 443              | 452              |
|  | O      | 321            | 408      | 422  | 404              | 422              | 444              | 437              |
| Change in uncollected customer payments from Federal sources     | BA     | -16            |          |      |                  |                  |                  |                  |
| Adjustment to uncollected customer payments from Federal sources | BA     | 16             |          |      |                  |                  |                  |                  |
| Total, offsetting collections (cash)                             |        | -89            | -118     | -118 | -80              | -80              | -80              | -80              |
| Total Construction and major maintenance (net)                   | BA     | 226            | 315      | 340  | 347              | 355              | 363              | 372              |
|  | O      | 232            | 290      | 304  | 324              | 342              | 364              | 357              |
| Land acquisition and State assistance:                           |        |                |          |      |                  |                  |                  |                  |
| Appropriation, discretionary                                     | 303 BA | 121            | 215      | 557  | 557              | 557              | 557              | 557              |
| Contract authority, discretionary                                | BA     | -30            | -30      | -30  | -31              | -31              | -32              | -33              |
| Contract authority, mandatory                                    | BA     | 30             | 30       | 30   | 30               | 30               | 30               | 30               |
| Spending authority from offsetting collections, discretionary    | BA     | 61             |          |      |                  |                  |                  |                  |
| Outlays  | O      | 126            | 206      | 173  | 195              | 333              | 465              | 557              |
| Land acquisition and State assistance (gross)                    | BA     | 182            | 215      | 557  | 556              | 556              | 555              | 554              |
|  | O      | 126            | 206      | 173  | 195              | 333              | 465              | 557              |
| Change in uncollected customer payments from Federal sources     | BA     | -61            | 61       |      |                  |                  |                  |                  |
| Total, offsetting collections (cash)                             |        |                | -61      |      |                  |                  |                  |                  |
| Total Land acquisition and State assistance (net)                | BA     | 121            | 215      | 557  | 556              | 556              | 555              | 554              |
|  | O      | 126            | 145      | 173  | 195              | 333              | 465              | 557              |
| Recreation fee permanent appropriations:                         |        |                |          |      |                  |                  |                  |                  |
| Appropriation, mandatory   | 303 BA | 152            | 161      | 162  | 34               | 34               | 34               | 34               |
|  |        |                |          |      | <sup>B</sup> 145 | <sup>B</sup> 146 | <sup>B</sup> 147 | <sup>B</sup> 148 |
| Outlays  | O      | 90             | 164      | 170  | 155              | 111              | 75               | 48               |
|  |        |                |          |      | <sup>B</sup> 28  | <sup>B</sup> 64  | <sup>B</sup> 112 | <sup>B</sup> 144 |
| Total Recreation fee permanent appropriations                    | BA     | 152            | 161      | 162  | 179              | 180              | 181              | 182              |
|  | O      | 90             | 164      | 170  | 183              | 175              | 187              | 192              |
| Historic preservation fund:                                      |        |                |          |      |                  |                  |                  |                  |
| Appropriation, discretionary                                     | 303 BA | 75             | 94       | 37   | 37               | 39               | 40               | 40               |
| Outlays  | O      | 52             | 106      | 74   | 55               | 38               | 39               | 40               |
| Other permanent appropriations:                                  |        |                |          |      |                  |                  |                  |                  |
| Appropriation, mandatory   | 303 BA | 62             | 67       | 73   | 76               | 77               | 79               | 80               |
| Outlays  | O      | 38             | 69       | 59   | 63               | 70               | 71               | 74               |
| <i>Trust funds</i>   |        |                |          |      |                  |                  |                  |                  |
| Construction (trust fund):                                       |        |                |          |      |                  |                  |                  |                  |
| Outlays  | 401 O  | 1              | 3        | 4    | 1                |                  |                  |                  |
| Miscellaneous trust funds:                                       |        |                |          |      |                  |                  |                  |                  |
| Appropriation, mandatory   | 303 BA | 18             | 18       | 18   | 18               | 18               | 18               | 18               |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate     |              |              |              |              |              |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |    |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....   | O  | 15             | 18           | 18           | 18           | 18           | 18           | 18           |
| Total Federal funds National Park Service .....       | BA | <b>2,053</b>   | <b>2,411</b> | <b>2,752</b> | <b>2,813</b> | <b>2,861</b> | <b>2,908</b> | <b>2,956</b> |
|   | O  | 1,923          | 2,253        | 2,345        | 2,443        | 2,612        | 2,806        | 2,939        |
| Total Trust funds National Park Service .....         | BA | <b>18</b>      | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    |
|   | O  | 16             | 21           | 22           | 19           | 18           | 18           | 18           |
| Total Federal funds Fish and Wildlife and Parks ..... | BA | <b>3,247</b>   | <b>4,001</b> | <b>4,179</b> | <b>4,257</b> | <b>4,338</b> | <b>4,415</b> | <b>4,493</b> |
|   | O  | 3,130          | 3,682        | 3,917        | 4,030        | 4,159        | 4,294        | 4,456        |
| Total Trust funds Fish and Wildlife and Parks .....   | BA | <b>322</b>     | <b>323</b>   | <b>374</b>   | <b>400</b>   | <b>409</b>   | <b>429</b>   | <b>440</b>   |
|   | O  | 305            | 318          | 338          | 364          | 426          | 408          | 424          |

**Indian Affairs**

*Bureau of Indian Affairs*

*Federal funds*

**General and Special Funds:**

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operation of Indian programs  |        |              |              |              |              |              |              |              |
| (Conservation and land management):                                   |        |              |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                  | 302 BA | <b>143</b>   | <b>135</b>   | <b>139</b>   | <b>142</b>   | <b>145</b>   | <b>149</b>   | <b>152</b>   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>1</b>     | <b>1</b>     | <b>2</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     |
| (Outlays) .....   | O      | 133          | 138          | 136          | 142          | 145          | 148          | 151          |
| Operation of Indian programs (gross) .....                            | BA     | <b>144</b>   | <b>136</b>   | <b>141</b>   | <b>143</b>   | <b>146</b>   | <b>150</b>   | <b>153</b>   |
|   | O      | 133          | 138          | 136          | 142          | 145          | 148          | 151          |
| Total, offsetting collections (cash) .....                            |        | -1           | -1           | -4           | -1           | -1           | -1           | -1           |
| Total (Conservation and land management) (net) .....                  | BA     | <b>143</b>   | <b>135</b>   | <b>137</b>   | <b>142</b>   | <b>145</b>   | <b>149</b>   | <b>152</b>   |
|   | O      | 132          | 137          | 132          | 141          | 144          | 147          | 150          |
| (Area and regional development):                                      |        |              |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                  | 452 BA | <b>934</b>   | <b>1,007</b> | <b>1,027</b> | <b>1,050</b> | <b>1,074</b> | <b>1,097</b> | <b>1,121</b> |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>1</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     | <b>5</b>     |
| (Outlays) .....   | O      | 904          | 900          | 1,009        | 1,051        | 1,074        | 1,093        | 1,117        |
| Operation of Indian programs (gross) .....                            | BA     | <b>1,078</b> | <b>1,147</b> | <b>1,169</b> | <b>1,197</b> | <b>1,224</b> | <b>1,251</b> | <b>1,278</b> |
|   | O      | 1,036        | 1,037        | 1,141        | 1,192        | 1,218        | 1,240        | 1,267        |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | <b>47</b>    |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                            |        | -6           | -5           | -5           | -5           | -5           | -5           | -5           |
| Total (Area and regional development) (net) .....                     | BA     | <b>976</b>   | <b>1,007</b> | <b>1,027</b> | <b>1,050</b> | <b>1,074</b> | <b>1,097</b> | <b>1,121</b> |
|   | O      | 898          | 895          | 1,004        | 1,046        | 1,069        | 1,088        | 1,112        |
| (Elementary, secondary, and vocational education):                    |        |              |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                  | 501 BA | <b>571</b>   | <b>596</b>   | <b>614</b>   | <b>627</b>   | <b>642</b>   | <b>656</b>   | <b>670</b>   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | <b>79</b>    | <b>140</b>   | <b>174</b>   | <b>134</b>   | <b>134</b>   | <b>134</b>   | <b>134</b>   |
| (Outlays) .....   | O      | 651          | 722          | 764          | 767          | 783          | 790          | 799          |
| Operation of Indian programs (gross) .....                            | BA     | <b>1,769</b> | <b>1,878</b> | <b>1,952</b> | <b>1,953</b> | <b>1,995</b> | <b>2,036</b> | <b>2,077</b> |
|   | O      | 1,681        | 1,754        | 1,900        | 1,954        | 1,996        | 2,025        | 2,061        |
| (Change in uncollected customer payments from Federal sources) .....  | BA     |              | <b>20</b>    | <b>2</b>     |              |              |              |              |
| Total, offsetting collections (cash) .....                            |        | -121         | -160         | -174         | -134         | -134         | -134         | -134         |
| Total (Elementary, secondary, and vocational education) (net) .....   | BA     | <b>529</b>   | <b>596</b>   | <b>616</b>   | <b>627</b>   | <b>642</b>   | <b>656</b>   | <b>670</b>   |
|   | O      | 530          | 562          | 590          | 633          | 649          | 656          | 665          |
| Total Operation of Indian programs .....                              | BA     | <b>1,648</b> | <b>1,738</b> | <b>1,780</b> | <b>1,819</b> | <b>1,861</b> | <b>1,902</b> | <b>1,943</b> |
|   | O      | 1,560        | 1,594        | 1,726        | 1,820        | 1,862        | 1,891        | 1,927        |
| Construction:   |        |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                    | 452 BA | <b>198</b>   | <b>356</b>   | <b>357</b>   | <b>358</b>   | <b>360</b>   | <b>361</b>   | <b>363</b>   |
| Spending authority from offsetting collections, discretionary .....   | BA     | <b>15</b>    | <b>21</b>    | <b>21</b>    | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     |
| Outlays .....   | O      | 177          | 218          | 287          | 281          | 371          | 361          | 362          |
| Construction (gross) .....  | BA     | <b>213</b>   | <b>377</b>   | <b>378</b>   | <b>360</b>   | <b>362</b>   | <b>363</b>   | <b>365</b>   |
|   | O      | 177          | 218          | 287          | 281          | 371          | 361          | 362          |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate     |              |              |              |              | 2006         |
|--|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |        |                | 2001         | 2002         | 2003         | 2004         | 2005         |              |
| Total, offsetting collections (cash) .....                                     |        | -15            | -21          | -21          | -2           | -2           | -2           | -2           |
| Total Construction (net) .....   | BA     | <b>198</b>     | <b>356</b>   | <b>357</b>   | <b>358</b>   | <b>360</b>   | <b>361</b>   | <b>363</b>   |
|  | O      | 162            | 197          | 266          | 279          | 369          | 359          | 360          |
| White Earth settlement fund:   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 452 BA | 1              | 2            | 2            | 2            | 2            | 2            | 1            |
| Outlays .....  | O      | 1              | 2            | 2            | 2            | 2            | 2            | 1            |
| Indian land and water claim settlements and miscellaneous payments to Indians: |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 452 BA | 27             | 38           | 61           | 62           | 64           | 65           | 67           |
| Outlays .....  | O      | 28             | 37           | 65           | 62           | 63           | 65           | 67           |
| Operation and maintenance of quarters:   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 452 BA | 5              | 5            | 5            | 5            | 5            | 5            | 5            |
| Outlays .....  | O      | 5              | 5            | 5            | 5            | 5            | 5            | 5            |
| Miscellaneous permanent appropriations:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 452 BA | 70             | 72           | 72           | 73           | 74           | 75           | 76           |
| Outlays .....  | O      | 81             | 72           | 72           | 73           | 74           | 75           | 76           |
| <b>Credit Accounts:</b>  |        |                |              |              |              |              |              |              |
| Indian direct loan program account:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 452 BA | 6              |              |              |              |              |              |              |
| Outlays .....  | O      | 6              |              |              |              |              |              |              |
| Revolving fund for loans liquidating account:                                  |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                | 452 BA | 6              | 3            | 4            | 3            | 3            | 3            | 3            |
| Revolving fund for loans liquidating account (gross) .....                     | BA     | 6              | 3            | 4            | 3            | 3            | 3            | 3            |
| Total, offsetting collections (cash) .....                                     |        | -6             | -3           | -4           | -3           | -3           | -3           | -3           |
| Total Revolving fund for loans liquidating account (net) .....                 | BA     | -6             | -3           | -4           | -3           | -3           | -3           | -3           |
|  | O      | -6             | -3           | -4           | -3           | -3           | -3           | -3           |
| Indian guaranteed loan program account:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....   | 452 BA | 5              | 5            | 5            | 5            | 5            | 5            | 5            |
| Outlays .....  | O      | 5              | 9            | 5            | 5            | 5            | 5            | 5            |
| Limitation on loan guarantee commitments .....                                 |        | (60)           | (60)         | (75)         | (77)         | (78)         | (80)         | (82)         |
| Indian loan guaranty and insurance fund liquidating account:                   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....   | 452 BA | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
| Spending authority from offsetting collections, mandatory .....                | BA     | 1              | 1            | 1            | 2            | 2            | 2            | 2            |
| Outlays .....  | O      | -1             | 2            | 2            | 3            | 3            | 3            | 3            |
| Indian loan guaranty and insurance fund liquidating account (gross) .....      | BA     | 2              | 2            | 2            | 3            | 3            | 3            | 3            |
| Total, offsetting collections (cash) .....                                     | O      | -1             | 2            | 2            | 3            | 3            | 3            | 3            |
| Total, offsetting collections (cash) .....                                     |        | -1             | -1           | -1           | -2           | -2           | -2           | -2           |
| Total Indian loan guaranty and insurance fund liquidating account (net) .....  | BA     | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
|  | O      | -2             | 1            | 1            | 1            | 1            | 1            | 1            |
| Total Federal funds Bureau of Indian Affairs .....                             | BA     | <b>1,961</b>   | <b>2,217</b> | <b>2,283</b> | <b>2,325</b> | <b>2,372</b> | <b>2,416</b> | <b>2,461</b> |
|  | O      | 1,840          | 1,914        | 2,138        | 2,244        | 2,378        | 2,400        | 2,439        |

**Departmental Offices**

*Departmental Management*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 306 BA | 63  | 64  | 64  | 65  | 67  | 68  | 70  |
| Spending authority from offsetting collections, discretionary ..... | BA     | 40  | 52  | 52  | 53  | 55  | 56  | 57  |
| Outlays .....   | O      | 109 | 117 | 122 | 118 | 122 | 124 | 126 |
| Salaries and expenses (gross) .....                                 | BA     | 103 | 116 | 116 | 118 | 122 | 124 | 127 |
|   | O      | 109 | 117 | 122 | 118 | 122 | 124 | 126 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2  | 1   |     |     |     |     |     |
| Total, offsetting collections (cash) .....                          |        | -38 | -53 | -52 | -53 | -55 | -56 | -57 |
| Total Salaries and expenses (net) .....                             | BA     | 63  | 64  | 64  | 65  | 67  | 68  | 70  |
|   | O      | 71  | 64  | 70  | 65  | 67  | 68  | 69  |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Management of Federal lands for subsistence uses:             |        |                |          |      |      |      |      |      |
| Outlays   | 302 O  | 1              | 5        | 2    |      |      |      |      |
| Everglades watershed protection:                              |        |                |          |      |      |      |      |      |
| Outlays   | 303 O  | 25             | 17       |      |      |      |      |      |
| Everglades restoration account:                               |        |                |          |      |      |      |      |      |
| Appropriation, mandatory                                      | 303 BA | 1              | 2        |      |      |      |      |      |
| Outlays   | O      | 1              | 2        | 2    | 2    |      |      |      |
| Priority Federal land acquisitions and exchanges:             |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 303 BA | 117            |          |      |      |      |      |      |
| Outlays   | O      | 40             | 47       | 29   |      |      |      |      |
| <b>Intragovernmental Funds:</b>                               |        |                |          |      |      |      |      |      |
| Working capital fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 306 BA | 3              |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory     | BA     | 279            | 259      | 280  | 280  | 280  | 280  | 280  |
| Outlays   | O      | 355            | 263      | 287  | 280  | 280  | 280  | 280  |
| Working capital fund (gross)                                  | BA     | 282            | 259      | 280  | 280  | 280  | 280  | 280  |
|   | O      | 355            | 263      | 287  | 280  | 280  | 280  | 280  |
| Change in uncollected customer payments from Federal sources  | BA     | 6              |          |      |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -285           | -259     | -280 | -280 | -280 | -280 | -280 |
| Total Working capital fund (net)                              | BA     | 3              |          |      |      |      |      |      |
|   | O      | 70             | 4        | 7    |      |      |      |      |
| Interior Franchise Fund:                                      |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory     | 306 BA | 203            | 260      | 395  | 395  | 395  | 395  | 395  |
| Outlays   | O      | 112            | 273      | 278  | 374  | 395  | 395  | 395  |
| Interior Franchise Fund (gross)                               | BA     | 203            | 260      | 395  | 395  | 395  | 395  | 395  |
|   | O      | 112            | 273      | 278  | 374  | 395  | 395  | 395  |
| Change in uncollected customer payments from Federal sources  | BA     | -21            |          | -35  |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -182           | -260     | -360 | -395 | -395 | -395 | -395 |
| Total Interior Franchise Fund (net)                           | BA     |                |          |      |      |      |      |      |
|   | O      | -70            | 13       | -82  | -21  |      |      |      |
| Total Federal funds Departmental Management                   | BA     | 184            | 66       | 64   | 65   | 67   | 68   | 70   |
|   | O      | 138            | 152      | 28   | 46   | 67   | 68   | 69   |
| <i>Insular Affairs</i>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |        |                |          |      |      |      |      |      |
| Assistance to territories:                                    |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 808 BA | 42             | 48       | 41   | 42   | 43   | 44   | 45   |
| Appropriation, mandatory                                      | BA     | 28             | 28       | 28   | 28   | 28   | 28   | 28   |
| Spending authority from offsetting collections, discretionary | BA     | 38             | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays   | O      | 105            | 73       | 78   | 81   | 82   | 82   | 83   |
| Limitation on direct loan activity                            |        |                | (19)     |      |      |      |      |      |
| Assistance to territories (gross)                             | BA     | 108            | 77       | 70   | 71   | 72   | 73   | 74   |
|   | O      | 105            | 73       | 78   | 81   | 82   | 82   | 83   |
| Change in uncollected customer payments from Federal sources  | BA     | -7             | 7        |      |      |      |      |      |
| Total, offsetting collections (cash)                          |        | -31            | -8       | -1   | -1   | -1   | -1   | -1   |
| Total Assistance to territories (net)                         | BA     | 70             | 76       | 69   | 70   | 71   | 72   | 73   |
|   | O      | 74             | 65       | 77   | 80   | 81   | 81   | 82   |
| Trust Territory of the Pacific Islands:                       |        |                |          |      |      |      |      |      |
| Outlays   | 808 O  | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Compact of free association:                                  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 808 BA | 8              | 9        | 9    | 9    | 9    | 10   | 10   |
| Appropriation, mandatory                                      | BA     | 134            | 134      | 159  | 158  | 159  | 157  | 157  |
| Outlays   | O      | 162            | 169      | 192  | 191  | 192  | 190  | 166  |
| Total Compact of free association                             | BA     | 142            | 143      | 168  | 167  | 168  | 167  | 167  |
|   | O      | 162            | 169      | 192  | 191  | 192  | 190  | 166  |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Payments to the United States territories, fiscal assistance:                  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 806 BA | 148            | 104      | 104  | 104  | 104  | 104  | 104  |
| Spending authority from offsetting collections, mandatory .....                | BA     | 3              |          |      |      |      |      |      |
| Outlays .....  | O      | 150            | 104      | 104  | 104  | 104  | 104  | 104  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Payments to the United States territories, fiscal assistance (gross) .....     | BA     | 151            | 104      | 104  | 104  | 104  | 104  | 104  |
|  | O      | 150            | 104      | 104  | 104  | 104  | 104  | 104  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....                                     |        | -3             |          |      |      |      |      |      |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Payments to the United States territories, fiscal assistance (net) ..... | BA     | 148            | 104      | 104  | 104  | 104  | 104  | 104  |
|  | O      | 147            | 104      | 104  | 104  | 104  | 104  | 104  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Federal funds Insular Affairs .....                                      | BA     | 360            | 323      | 341  | 341  | 343  | 343  | 344  |
|  | O      | 385            | 340      | 375  | 377  | 379  | 377  | 354  |

*Office of the Solicitor*  
Federal funds

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Office of the Solicitor:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 306 BA | 40 | 40 | 42 | 43 | 44 | 45 | 46 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  | 5  | 5  | 5  | 5  | 5  | 5  |
| Outlays .....   | O      | 44 | 43 | 47 | 48 | 49 | 52 | 51 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Office of the Solicitor (gross) .....                               | BA     | 44 | 45 | 47 | 48 | 49 | 50 | 51 |
|   | O      | 44 | 43 | 47 | 48 | 49 | 52 | 51 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total, offsetting collections (cash) .....                          |        | -4 | -5 | -5 | -5 | -5 | -5 | -5 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total Office of the Solicitor (net) .....                           | BA     | 40 | 40 | 42 | 43 | 44 | 45 | 46 |
|   | O      | 40 | 38 | 42 | 43 | 44 | 47 | 46 |

*Office of Inspector General*  
Federal funds

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Office of Inspector General:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 306 BA | 26 | 28 | 30 | 31 | 31 | 32 | 33 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2  | 3  | 2  | 2  | 2  | 2  | 2  |
| Outlays .....   | O      | 28 | 28 | 32 | 33 | 33 | 34 | 34 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Office of Inspector General (gross) .....                           | BA     | 28 | 31 | 32 | 33 | 33 | 34 | 35 |
|   | O      | 28 | 28 | 32 | 33 | 33 | 34 | 34 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total, offsetting collections (cash) .....                          |        | -2 | -3 | -2 | -2 | -2 | -2 | -2 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total Office of Inspector General (net) .....                       | BA     | 26 | 28 | 30 | 31 | 31 | 32 | 33 |
|   | O      | 26 | 25 | 30 | 31 | 31 | 32 | 32 |

*Natural Resources Damage Assessment and Restoration*  
Federal funds

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Natural resource damage assessment fund:            |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                  | 303 BA | 5  | 5  | 5  | 5  | 5  | 5  | 5  |
| Appropriation, mandatory .....                      | BA     | 23 | 56 | 34 | 34 | 34 | 29 | 29 |
| Outlays .....                                       | O      | 16 | 36 | 42 | 41 | 47 | 41 | 45 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total Natural resource damage assessment fund ..... | BA     | 28 | 61 | 39 | 39 | 39 | 34 | 34 |
|   | O      | 16 | 36 | 42 | 41 | 47 | 41 | 45 |

*Office of Special Trustee for American Indians*  
Federal funds

**General and Special Funds:**

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Office of the Special Trustee for American Indians: |        |    |     |     |     |     |     |     |
| Appropriation, discretionary .....                  | 808 BA | 90 | 110 | 99  | 101 | 103 | 106 | 108 |
| Outlays .....                                       | O      | 66 | 126 | 116 | 108 | 102 | 105 | 108 |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Payments for trust accounting deficiencies:                        |        |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 808 BA |                |          |      | 7    |      |      |      |
| Outlays  | O      |                |          |      | 7    |      |      |      |
| Indian land consolidation pilot:                                   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary                                       | 452 BA | 5              | 9        | 11   | 11   | 11   | 12   | 12   |
| Outlays  | O      | 4              | 13       | 11   | 11   | 11   | 12   | 12   |
| Tribal special fund:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 452 BA | 55             | 57       | 62   | 65   | 69   | 73   | 77   |
| Outlays  | O      | 7              | 57       | 62   | 65   | 69   | 73   | 77   |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Tribal trust fund:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 452 BA | 15             | 25       | 27   | 28   | 30   | 31   | 33   |
| Outlays  | O      | 19             | 28       | 27   | 28   | 30   | 31   | 33   |
| Cooperative fund (Papago):   |        |                |          |      |      |      |      |      |
| Outlays  | 452 O  | 31             |          |      |      |      |      |      |
| Miscellaneous trust funds:   |        |                |          |      |      |      |      |      |
| Outlays  | 452 O  | 3              |          |      |      |      |      |      |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Federal funds Office of Special Trustee for American Indians | BA     | 150            | 176      | 179  | 177  | 183  | 191  | 197  |
|  | O      | 77             | 196      | 196  | 184  | 182  | 190  | 197  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Trust funds Office of Special Trustee for American Indians   | BA     | 15             | 25       | 27   | 28   | 30   | 31   | 33   |
|  | O      | 53             | 28       | 27   | 28   | 30   | 31   | 33   |

*National Indian Gaming Commission*

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, discretionary | 806 BA | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays   | O      | 2  | 1  | 1  | 1  | 1  | 1  | 1  |
| <hr/>   |        |    |    |    |    |    |    |    |
| Salaries and expenses (gross)                                 | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
|   | O      | 2  | 1  | 1  | 1  | 1  | 1  | 1  |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total, offsetting collections (cash)                          |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Total Salaries and expenses (net)                             | BA     |    |    |    |    |    |    |    |
|   | O      | 1  |    |    |    |    |    |    |

National Indian Gaming Commission, Gaming activity fees:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory                              | 806 BA | 9   | 8   | 8   | 7   | 7   | 7   | 7   |
| Outlays   | O      | 8   | 8   | 10  | 7   | 7   | 7   | 7   |
| <hr/>   |        |     |     |     |     |     |     |     |
| Total Federal funds National Indian Gaming Commission | BA     | 9   | 8   | 8   | 7   | 7   | 7   | 7   |
|   | O      | 9   | 8   | 10  | 7   | 7   | 7   | 7   |
| <hr/>   |        |     |     |     |     |     |     |     |
| Total Federal funds Departmental Offices              | BA     | 797 | 702 | 703 | 703 | 714 | 720 | 731 |
|   | O      | 691 | 795 | 723 | 729 | 757 | 762 | 750 |
| <hr/>   |        |     |     |     |     |     |     |     |
| Total Trust funds Departmental Offices                | BA     | 15  | 25  | 27  | 28  | 30  | 31  | 33  |
|   | O      | 53  | 28  | 27  | 28  | 30  | 31  | 33  |

**Summary**

|                                     |          |        |        |        |        |        |        |        |
|-------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|
| Federal funds:                      |          |        |        |        |        |        |        |        |
| (As shown in detail above)          | BA       | 10,519 | 12,674 | 12,359 | 12,500 | 13,933 | 12,958 | 13,172 |
|                                     | O        | 10,134 | 11,870 | 12,012 | 12,355 | 13,767 | 12,824 | 13,082 |
| <hr/>                               |          |        |        |        |        |        |        |        |
| Deductions for offsetting receipts: |          |        |        |        |        |        |        |        |
| Intrafund transactions              | 301 BA/O | -10    | -11    | -1     | -6     | -6     | -7     | -7     |
|                                     | 303 BA/O | -33    | -83    | -36    | -37    | -38    | -40    | -41    |
|                                     | 908 BA/O | -143   | -181   | -170   | -182   | -192   | -188   | -174   |

**DEPARTMENT OF THE INTERIOR—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate     |              |                  |                  |                  |                  |
|--|----------|----------------|--------------|--------------|------------------|------------------|------------------|------------------|
|  |          |                | 2001         | 2002         | 2003             | 2004             | 2005             | 2006             |
| Proprietary receipts from the public       | 301 BA/O | -255           | -311         | -261         | -260             | -254             | -274             | -278             |
|  | 302 BA/O | -1,616         | -2,376       | -2,180       | -2,184           | -2,202           | -2,222           | -2,203           |
|  |          |                |              |              | <sup>B 5</sup>   | <sup>B 5</sup>   | <sup>B 6</sup>   | <sup>B 6</sup>   |
|  | 303 BA/O | -259           | -310         | -295         | -229             | -231             | -230             | -231             |
|  |          |                |              |              | <sup>B -80</sup> | <sup>B -81</sup> | <sup>B -80</sup> | <sup>B -81</sup> |
|  | 306 BA/O |                | -1           |              |                  | -1               |                  |                  |
|  | 452 BA/O | -119           | -142         | -127         | -131             | -137             | -141             | -144             |
|  | 806 BA/O | -1             |              |              |                  |                  |                  |                  |
|  | 908 BA/O | -16            | -128         | -10          | -9               | -9               | -9               | -9               |
| Total Federal funds                        | BA       | <b>8,067</b>   | <b>9,131</b> | <b>9,279</b> | <b>9,387</b>     | <b>10,787</b>    | <b>9,773</b>     | <b>10,010</b>    |
|  | O        | 7,682          | 8,327        | 8,932        | 9,242            | 10,621           | 9,639            | 9,920            |
| Trust funds:<br>(As shown in detail above) | BA       | <b>370</b>     | <b>369</b>   | <b>422</b>   | <b>449</b>       | <b>460</b>       | <b>481</b>       | <b>495</b>       |
|  | O        | 390            | 404          | 388          | 416              | 478              | 461              | 479              |
| Deductions for offsetting receipts:        |          |                |              |              |                  |                  |                  |                  |
| Proprietary receipts from the public       | 301 BA/O | -12            |              |              |                  |                  |                  |                  |
|  | 302 BA/O | -14            | -14          | -14          | -14              | -14              | -14              | -14              |
|  | 303 BA/O | -1             | -4           | -4           | -4               | -4               | -4               | -4               |
|  | 306 BA/O | -1             | -1           | -1           |                  |                  |                  |                  |
|  | 452 BA/O | -8             | -9           | -9           | -10              | -11              | -11              | -11              |
|  | 908 BA/O | -7             | -8           | -8           | -8               | -9               | -9               | -10              |
| Total Trust funds                          | BA       | <b>327</b>     | <b>333</b>   | <b>386</b>   | <b>413</b>       | <b>422</b>       | <b>443</b>       | <b>456</b>       |
|  | O        | 347            | 368          | 352          | 380              | 440              | 423              | 440              |
| Interfund transactions                     | 452 BA/O |                | -8           | -9           | -9               | -10              | -11              | -11              |
| Total Department of the Interior           | BA       | <b>8,394</b>   | <b>9,456</b> | <b>9,656</b> | <b>9,791</b>     | <b>11,199</b>    | <b>10,205</b>    | <b>10,455</b>    |
|  | O        | 8,029          | 8,687        | 9,275        | 9,613            | 11,051           | 10,051           | 10,349           |

**DEPARTMENT OF JUSTICE**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| <b>General Administration</b>                                   |        |                |            |            |            |            |            |            |
| <i>Federal funds</i>  |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>                               |        |                |            |            |            |            |            |            |
| Salaries and expenses   |        |                |            |            |            |            |            |            |
| (Defense-related activities):                                   |        |                |            |            |            |            |            |            |
| (Appropriation, discretionary)                                  | 054 BA | 27             | 34         | 27         | 28         | 28         | 29         | 29         |
| (Outlays)   | O      | 24             | 32         | 28         | 28         | 28         | 29         | 29         |
| (Federal law enforcement activities):                           |        |                |            |            |            |            |            |            |
| (Appropriation, discretionary)                                  | 751 BA | 80             | 105        | 109        | 111        | 114        | 116        | 119        |
| (Reappropriation, discretionary)                                | BA     | 1              |            |            |            |            |            |            |
| (Spending authority from offsetting collections, discretionary) | BA     | 140            | 140        | 147        | 147        | 147        | 147        | 147        |
| (Outlays)   | O      | 237            | 321        | 260        | 258        | 260        | 264        | 266        |
| Salaries and expenses (gross)                                   | BA     | <b>248</b>     | <b>279</b> | <b>283</b> | <b>286</b> | <b>289</b> | <b>292</b> | <b>295</b> |
|   | O      | 261            | 353        | 288        | 286        | 288        | 293        | 295        |
| (Change in uncollected customer payments from Federal sources)  | BA     |                | 64         |            |            |            |            |            |
| Total, offsetting collections (cash)                            |        | -140           | -204       | -147       | -147       | -147       | -147       | -147       |
| Total (Federal law enforcement activities) (net)                | BA     | <b>81</b>      | <b>105</b> | <b>109</b> | <b>111</b> | <b>114</b> | <b>116</b> | <b>119</b> |
|   | O      | 97             | 117        | 113        | 111        | 113        | 117        | 119        |
| Total Salaries and expenses                                     | BA     | <b>108</b>     | <b>139</b> | <b>136</b> | <b>139</b> | <b>142</b> | <b>145</b> | <b>148</b> |
|   | O      | 121            | 149        | 141        | 139        | 141        | 146        | 148        |
| Narrowband communications:                                      |        |                |            |            |            |            |            |            |
| Appropriation, discretionary                                    | 751 BA | 104            | 205        | 105        | 107        | 110        | 112        | 115        |
| Spending authority from offsetting collections, discretionary   | BA     | 11             |            |            |            |            |            |            |
| Outlays   | O      | 35             | 199        | 158        | 107        | 109        | 112        | 114        |
| Narrowband communications (gross)                               | BA     | <b>115</b>     | <b>205</b> | <b>105</b> | <b>107</b> | <b>110</b> | <b>112</b> | <b>115</b> |
|   | O      | 35             | 199        | 158        | 107        | 109        | 112        | 114        |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash) .....                            |        | -11            |          |      |      |      |      |      |
| Total Narrowband communications (net) .....                           | BA     | 104            | 205      | 105  | 107  | 110  | 112  | 115  |
|   | O      | 24             | 199      | 158  | 107  | 109  | 112  | 114  |
| Counterterrorism fund:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 10             | 5        | 5    | 5    | 5    | 5    | 5    |
| Outlays .....   | O      | 8              | 24       | 18   | 12   | 12   | 12   | 5    |
| Telecommunications carrier compliance fund                            |        |                |          |      |      |      |      |      |
| (Defense-related activities):   |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 054 BA | 8              | 101      |      |      |      |      |      |
| (Outlays) .....   | O      | 8              | 101      |      |      |      |      |      |
| (Federal law enforcement activities):                                 |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                  | 751 BA | 188            | 100      |      |      |      |      |      |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 40             |          |      |      |      |      |      |
| (Outlays) .....   | O      | 68             | 246      | 62   |      |      |      |      |
| Telecommunications carrier compliance fund (gross) .....              | BA     | 236            | 201      |      |      |      |      |      |
|   | O      | 76             | 347      | 62   |      |      |      |      |
| Total, offsetting collections (cash) .....                            |        | -40            |          |      |      |      |      |      |
| Total (Federal law enforcement activities) (net) .....                | BA     | 188            | 100      |      |      |      |      |      |
|   | O      | 28             | 246      | 62   |      |      |      |      |
| Total Telecommunications carrier compliance fund .....                | BA     | 196            | 201      |      |      |      |      |      |
|   | O      | 36             | 347      | 62   |      |      |      |      |
| Administrative review and appeals:                                    |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 148            | 161      | 178  | 182  | 186  | 190  | 194  |
| Spending authority from offsetting collections, discretionary .....   | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 141            | 170      | 180  | 183  | 187  | 190  | 195  |
| Administrative review and appeals (gross) .....                       | BA     | 149            | 162      | 179  | 183  | 187  | 191  | 195  |
|   | O      | 141            | 170      | 180  | 183  | 187  | 190  | 195  |
| Total, offsetting collections (cash) .....                            |        | -1             | -1       | -1   | -1   | -1   | -1   | -1   |
| Total Administrative review and appeals (net) .....                   | BA     | 148            | 161      | 178  | 182  | 186  | 190  | 194  |
|   | O      | 140            | 169      | 179  | 182  | 186  | 189  | 194  |
| Detention trustee:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 753 BA |                | 1        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....   | O      |                | 1        | 2    | 2    | 2    | 2    | 2    |
| Office of Inspector General:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 40             | 41       | 45   | 46   | 47   | 48   | 49   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 15             | 15       | 16   | 16   | 16   | 16   | 16   |
| Outlays .....   | O      | 57             | 55       | 60   | 62   | 63   | 64   | 65   |
| Office of Inspector General (gross) .....                             | BA     | 55             | 56       | 61   | 62   | 63   | 64   | 65   |
|   | O      | 57             | 55       | 60   | 62   | 63   | 64   | 65   |
| Total, offsetting collections (cash) .....                            |        | -15            | -15      | -16  | -16  | -16  | -16  | -16  |
| Total Office of Inspector General (net) .....                         | BA     | 40             | 41       | 45   | 46   | 47   | 48   | 49   |
|   | O      | 42             | 40       | 44   | 46   | 47   | 48   | 49   |
| <b>Intragovernmental Funds:</b>                                       |        |                |          |      |      |      |      |      |
| Working capital fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 751 BA | 116            |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....       | BA     | 711            | 750      | 739  | 750  | 750  | 750  | 750  |
| Outlays .....   | O      | 803            | 750      | 739  | 750  | 750  | 750  | 750  |
| Working capital fund (gross) .....                                    | BA     | 827            | 750      | 739  | 750  | 750  | 750  | 750  |
|   | O      | 803            | 750      | 739  | 750  | 750  | 750  | 750  |
| Change in uncollected customer payments from Federal sources .....    | BA     | -4             |          |      |      |      |      |      |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate |      |      |      |      |      |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash) .....       |    | -707           | -750     | -739 | -750 | -750 | -750 | -750 |
| Total Working capital fund (net) .....           | BA | 116            |          |      |      |      |      |      |
|  | O  | 96             |          |      |      |      |      |      |
| Total Federal funds General Administration ..... | BA | 722            | 753      | 471  | 481  | 492  | 502  | 513  |
|  | O  | 467            | 929      | 604  | 488  | 497  | 509  | 512  |

**United States Parole Commission**

*Federal funds*

**General and Special Funds:**

|                                    |        |   |   |    |    |    |    |    |
|------------------------------------|--------|---|---|----|----|----|----|----|
| Salaries and expenses:             |        |   |   |    |    |    |    |    |
| Appropriation, discretionary ..... | 751 BA | 9 | 9 | 11 | 11 | 11 | 12 | 12 |
| Outlays .....                      | O      | 8 | 8 | 10 | 12 | 12 | 12 | 12 |

**Legal Activities and U.S. Marshals**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses, General Legal Activities:                        |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                      | 752 BA | 508   | 535   | 567   | 580   | 593   | 606   | 619   |
| Spending authority from offsetting collections, discretionary .....     | BA     | 224   | 262   | 246   | 246   | 246   | 246   | 246   |
| Outlays .....   | O      | 721   | 783   | 798   | 823   | 837   | 850   | 863   |
| Salaries and expenses, General Legal Activities (gross) .....           | BA     | 732   | 797   | 813   | 826   | 839   | 852   | 865   |
|   | O      | 721   | 783   | 798   | 823   | 837   | 850   | 863   |
| Total, offsetting collections (cash) .....                              |        | -224  | -262  | -246  | -246  | -246  | -246  | -246  |
| Total Salaries and expenses, General Legal Activities (net) .....       | BA     | 508   | 535   | 567   | 580   | 593   | 606   | 619   |
|   | O      | 497   | 521   | 552   | 577   | 591   | 604   | 617   |
| Salaries and expenses, Antitrust Division:                              |        |       |       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....     | 752 BA | 104   | 121   | 141   | 115   | 126   | 138   | 150   |
| Outlays .....   | O      | 102   | 126   | 145   | 122   | 126   | 135   | 147   |
| Salaries and expenses, Antitrust Division (gross) .....                 | BA     | 104   | 121   | 141   | 115   | 126   | 138   | 150   |
|   | O      | 102   | 126   | 145   | 122   | 126   | 135   | 147   |
| Change in uncollected customer payments from Federal sources .....      | BA     | 30    |       |       |       |       |       |       |
| Total, offsetting collections (cash) .....                              |        | -134  | -160  | -207  | -207  | -207  | -207  | -207  |
| Total Salaries and expenses, Antitrust Division (net) .....             | BA     |       | -39   | -66   | -92   | -81   | -69   | -57   |
|   | O      |       | -32   | -34   | -62   | -81   | -72   | -60   |
| Salaries and expenses, United States Attorneys:                         |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                      | 752 BA | 1,175 | 1,263 | 1,346 | 1,376 | 1,407 | 1,438 | 1,470 |
| Reappropriation, discretionary .....                                    | BA     | 3     |       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....     | BA     | 143   | 137   | 139   | 140   | 140   | 140   | 140   |
| Outlays .....   | O      | 1,301 | 1,418 | 1,453 | 1,518 | 1,542 | 1,574 | 1,606 |
| Salaries and expenses, United States Attorneys (gross) .....            | BA     | 1,321 | 1,400 | 1,485 | 1,516 | 1,547 | 1,578 | 1,610 |
|   | O      | 1,301 | 1,418 | 1,453 | 1,518 | 1,542 | 1,574 | 1,606 |
| Change in uncollected customer payments from Federal sources .....      | BA     | -14   | 48    |       |       |       |       |       |
| Total, offsetting collections (cash) .....                              |        | -129  | -185  | -139  | -140  | -140  | -140  | -140  |
| Total Salaries and expenses, United States Attorneys (net) .....        | BA     | 1,178 | 1,263 | 1,346 | 1,376 | 1,407 | 1,438 | 1,470 |
|   | O      | 1,172 | 1,233 | 1,314 | 1,378 | 1,402 | 1,434 | 1,466 |
| Salaries and expenses, Foreign Claims Settlement Commission:            |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                      | 153 BA | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Reappropriation, discretionary .....                                    | BA     | 1     |       |       |       |       |       |       |
| Outlays .....   | O      | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Total Salaries and expenses, Foreign Claims Settlement Commission ..... | BA     | 2     | 1     | 1     | 1     | 1     | 1     | 1     |
|   | O      | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Salaries and expenses, United States Marshals Service:                  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                      | 752 BA | 532   | 574   | 620   | 634   | 648   | 662   | 677   |
| Spending authority from offsetting collections, discretionary .....     | BA     | 44    | 35    | 33    | 48    | 48    | 48    | 48    |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....   | O      | 564            | 647        | 658        | 680        | 694        | 709        | 723        |
| Salaries and expenses, United States Marshals Service (gross) .....     | BA     | <b>576</b>     | <b>609</b> | <b>653</b> | <b>682</b> | <b>696</b> | <b>710</b> | <b>725</b> |
|   | O      | 564            | 647        | 658        | 680        | 694        | 709        | 723        |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>-11</b>     |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....                              |        | -32            | -35        | -33        | -48        | -48        | -48        | -48        |
| Total Salaries and expenses, United States Marshals Service (net) ..... | BA     | <b>533</b>     | <b>574</b> | <b>620</b> | <b>634</b> | <b>648</b> | <b>662</b> | <b>677</b> |
|   | O      | 532            | 612        | 625        | 632        | 646        | 661        | 675        |
| Construction:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                      | 751 BA | <b>6</b>       | <b>18</b>  | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>3</b>       |            |            |            |            |            |            |
| Outlays .....   | O      | 2              | 4          | 13         | 17         | 8          | 7          | 8          |
| Construction (gross) .....  | BA     | <b>9</b>       | <b>18</b>  | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
|   | O      | 2              | 4          | 13         | 17         | 8          | 7          | 8          |
| Total, offsetting collections (cash) .....                              |        | -3             |            |            |            |            |            |            |
| Total Construction (net) .....  | BA     | <b>6</b>       | <b>18</b>  | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
|   | O      | -1             | 4          | 13         | 17         | 8          | 7          | 8          |
| Federal prisoner detention:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                      | 752 BA | <b>533</b>     | <b>596</b> | <b>725</b> | <b>741</b> | <b>758</b> | <b>775</b> | <b>792</b> |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>21</b>      | <b>58</b>  | <b>39</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  | <b>25</b>  |
| Outlays .....   | O      | 523            | 501        | 700        | 739        | 771        | 791        | 808        |
| Federal prisoner detention (gross) .....                                | BA     | <b>554</b>     | <b>654</b> | <b>764</b> | <b>766</b> | <b>783</b> | <b>800</b> | <b>817</b> |
|   | O      | 523            | 501        | 700        | 739        | 771        | 791        | 808        |
| Total, offsetting collections (cash) .....                              |        | -21            | -58        | -39        | -25        | -25        | -25        | -25        |
| Total Federal prisoner detention (net) .....                            | BA     | <b>533</b>     | <b>596</b> | <b>725</b> | <b>741</b> | <b>758</b> | <b>775</b> | <b>792</b> |
|   | O      | 502            | 443        | 661        | 714        | 746        | 766        | 783        |
| Fees and expenses of witnesses:   |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....  | 752 BA | <b>95</b>      | <b>126</b> | <b>156</b> | <b>159</b> | <b>162</b> | <b>165</b> | <b>168</b> |
| Outlays .....   | O      | 103            | 148        | 173        | 158        | 161        | 165        | 168        |
| Salaries and expenses, Community Relations Service:                     |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                      | 752 BA | <b>7</b>       | <b>8</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>10</b>  | <b>10</b>  |
| Outlays .....   | O      | 7              | 7          | 9          | 9          | 9          | 9          | 9          |
| Independent counsel:  |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....  | 752 BA | <b>34</b>      | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  |
| Outlays .....   | O      | 25             | 15         | 10         | 10         | 10         | 10         | 10         |
| United States trustee system fund:                                      |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....     | 752 BA | <b>124</b>     | <b>120</b> | <b>147</b> | <b>147</b> | <b>147</b> | <b>147</b> | <b>147</b> |
| Spending authority from offsetting collections, mandatory .....         | BA     |                | <b>6</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   |
| Outlays .....   | O      | 116            | 116        | 137        | 149        | 153        | 153        | 153        |
| United States trustee system fund (gross) .....                         | BA     | <b>124</b>     | <b>126</b> | <b>154</b> | <b>154</b> | <b>154</b> | <b>154</b> | <b>154</b> |
|   | O      | 116            | 116        | 137        | 149        | 153        | 153        | 153        |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>1</b>       | <b>7</b>   |            |            |            |            |            |
| Total, offsetting collections (cash) .....                              |        | -125           | -133       | -156       | -156       | -156       | -156       | -156       |
| Total United States trustee system fund (net) .....                     | BA     |                |            | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  |
|   | O      | -9             | -17        | -19        | -7         | -3         | -3         | -3         |
| Assets forfeiture fund:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                      | 752 BA | <b>23</b>      | <b>23</b>  | <b>23</b>  | <b>24</b>  | <b>24</b>  | <b>25</b>  | <b>25</b>  |
| Appropriation, mandatory .....  | BA     | <b>480</b>     | <b>377</b> | <b>337</b> | <b>344</b> | <b>351</b> | <b>359</b> | <b>366</b> |
| Spending authority from offsetting collections, discretionary .....     | BA     | <b>4</b>       | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Outlays .....   | O      | 524            | 550        | 450        | 521        | 374        | 381        | 390        |
| Assets forfeiture fund (gross) .....                                    | BA     | <b>507</b>     | <b>403</b> | <b>363</b> | <b>371</b> | <b>378</b> | <b>387</b> | <b>394</b> |
|   | O      | 524            | 550        | 450        | 521        | 374        | 381        | 390        |
| Change in uncollected customer payments from Federal sources .....      | BA     | <b>-1</b>      | <b>1</b>   |            |            |            |            |            |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       | 2006  |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  |       |
| Total, offsetting collections (cash) .....  |        | -3             | -4       | -3    | -3    | -3    | -3    | -3    |
| Total Assets forfeiture fund (net) .....  | BA     | 503            | 400      | 360   | 368   | 375   | 384   | 391   |
|   | O      | 521            | 546      | 447   | 518   | 371   | 378   | 387   |
| <b>Intragovernmental Funds:</b>   |        |                |          |       |       |       |       |       |
| Justice prisoner and alien transportation system, U.S. Marshals Service:              |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 752 BA |                | 14       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....                   | BA     | 72             | 83       | 88    | 78    | 78    | 78    | 78    |
| Outlays .....   | O      | 53             | 98       | 89    | 79    | 78    | 78    | 78    |
| Justice prisoner and alien transportation system, U.S. Marshals Service (gross) ..... | BA     | 72             | 97       | 88    | 78    | 78    | 78    | 78    |
|   | O      | 53             | 98       | 89    | 79    | 78    | 78    | 78    |
| Total, offsetting collections (cash) .....  |        | -72            | -83      | -88   | -78   | -78   | -78   | -78   |
| Total Justice prisoner and alien transportation system, U.S. Marshals Service (net)   | BA     |                | 14       |       |       |       |       |       |
|   | O      | -19            | 15       | 1     | 1     |       |       |       |
| Total Federal funds Legal Activities and U.S. Marshals .....                          | BA     | 3,399          | 3,506    | 3,733 | 3,791 | 3,887 | 3,987 | 4,087 |
|   | O      | 3,299          | 3,494    | 3,725 | 3,923 | 3,861 | 3,960 | 4,061 |

**Radiation Exposure Compensation**

*Federal funds*

**General and Special Funds:**

|   |        |   |    |              |              |              |              |             |
|---|--------|---|----|--------------|--------------|--------------|--------------|-------------|
| Administrative expenses:  |        |   |    |              |              |              |              |             |
| Appropriation, discretionary .....                                | 054 BA | 2 | 2  | 2            | 2            | 2            | 2            | 2           |
| Outlays .....   | O      | 2 | 2  | 2            | 2            | 2            | 2            | 2           |
| Payment to radiation exposure compensation trust fund:            |        |   |    |              |              |              |              |             |
| Appropriation, discretionary .....                                | 054 BA | 3 | 11 | 11           | 11           | 11           | 12           | 12          |
|   |        |   |    | <i>J-11</i>  | <i>J-11</i>  | <i>J-11</i>  | <i>J-12</i>  | <i>J-12</i> |
| Appropriation, mandatory .....                                    | BA     |   |    | <i>B 162</i> | <i>B 150</i> | <i>B 150</i> | <i>B 80</i>  | <i>B 60</i> |
| Outlays .....   | O      | 3 | 11 | 11           | 11           | 11           | 12           | 12          |
|   |        |   |    | <i>B 97</i>  | <i>B 155</i> | <i>B 150</i> | <i>B 108</i> | <i>B 68</i> |
|   |        |   |    | <i>J-11</i>  | <i>J-11</i>  | <i>J-11</i>  | <i>J-12</i>  | <i>J-12</i> |
| Total Payment to radiation exposure compensation trust fund ..... | BA     | 3 | 11 | 162          | 150          | 150          | 80           | 60          |
|   | O      | 3 | 11 | 97           | 155          | 150          | 108          | 68          |

*Trust funds*

|   |        |    |    |             |             |             |             |             |
|---|--------|----|----|-------------|-------------|-------------|-------------|-------------|
| Radiation exposure compensation trust fund:               |        |    |    |             |             |             |             |             |
| Appropriation, discretionary .....                        | 054 BA | 3  | 11 | 11          | 11          | 11          | 12          | 12          |
|   |        |    |    | <i>J-11</i> | <i>J-11</i> | <i>J-11</i> | <i>J-12</i> | <i>J-12</i> |
| Outlays .....   | O      | 12 | 7  | 11          | 12          | 11          | 12          | 12          |
|   |        |    |    | <i>J-7</i>  | <i>J-11</i> | <i>J-11</i> | <i>J-12</i> | <i>J-12</i> |
| Total Radiation exposure compensation trust fund .....    | BA     | 3  | 11 |             |             |             |             |             |
|   | O      | 12 | 7  | 4           | 1           |             |             |             |
| Total Federal funds Radiation Exposure Compensation ..... | BA     | 5  | 13 | 164         | 152         | 152         | 82          | 62          |
|   | O      | 5  | 13 | 99          | 157         | 152         | 110         | 70          |
| Total Trust funds Radiation Exposure Compensation .....   | BA     | 3  | 11 |             |             |             |             |             |
|   | O      | 12 | 7  | 4           | 1           |             |             |             |

**Interagency Law Enforcement**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Interagency crime and drug enforcement: |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....      | 751 BA | 317 | 325 | 338 | 346 | 353 | 361 | 369 |
| Outlays .....                           | O      | 352 | 322 | 335 | 344 | 351 | 359 | 367 |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |     | 2000<br>actual | estimate |       |       |       |       |       |       |
|--|-----|----------------|----------|-------|-------|-------|-------|-------|-------|
|  |     |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |       |
| <b>Federal Bureau of Investigation</b>                                   |     |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |     |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>  |     |                |          |       |       |       |       |       |       |
| Salaries and expenses  |     |                |          |       |       |       |       |       |       |
| (Defense-related activities):  |     |                |          |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                     | 054 | BA             | 292      | 438   | 456   | 466   | 477   | 487   | 498   |
| (Outlays) .....  |     | O              | 229      | 380   | 428   | 459   | 472   | 483   | 495   |
| (Federal law enforcement activities):                                    |     |                |          |       |       |       |       |       |       |
| (Appropriation, discretionary) .....                                     | 751 | BA             | 2,715    | 2,796 | 3,050 | 3,118 | 3,188 | 3,259 | 3,331 |
| (Reappropriation, discretionary) .....                                   |     | BA             | 39       |       |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) .....    |     | BA             | 521      | 580   | 598   | 529   | 529   | 529   | 529   |
| (Outlays) .....  |     | O              | 3,350    | 3,254 | 3,411 | 3,610 | 3,705 | 3,762 | 3,833 |
| Salaries and expenses (gross) .....                                      |     | BA             | 3,567    | 3,814 | 4,104 | 4,113 | 4,194 | 4,275 | 4,358 |
|  |     | O              | 3,579    | 3,634 | 3,839 | 4,069 | 4,177 | 4,245 | 4,328 |
| (Change in uncollected customer payments from Federal sources) .....     |     | BA             | -2       | 209   |       |       |       |       |       |
| (Adjustment to uncollected customer payments from Federal sources) ..... |     | BA             |          | -209  |       |       |       |       |       |
| Total, offsetting collections (cash) .....                               |     |                | -519     | -580  | -598  | -529  | -529  | -529  | -529  |
| Total (Federal law enforcement activities) (net) .....                   |     | BA             | 2,754    | 2,796 | 3,050 | 3,118 | 3,188 | 3,259 | 3,331 |
|  |     | O              | 2,831    | 2,674 | 2,813 | 3,081 | 3,176 | 3,233 | 3,304 |
| Total Salaries and expenses .....  |     | BA             | 3,046    | 3,234 | 3,506 | 3,584 | 3,665 | 3,746 | 3,829 |
|  |     | O              | 3,060    | 3,054 | 3,241 | 3,540 | 3,648 | 3,716 | 3,799 |
| Construction:  |     |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                       | 751 | BA             | 1        | 17    | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  |     | O              | 31       | 13    | 51    | 58    | 7     | 1     | 1     |
| Total Federal funds Federal Bureau of Investigation .....                |     | BA             | 3,047    | 3,251 | 3,507 | 3,585 | 3,666 | 3,747 | 3,830 |
|  |     | O              | 3,091    | 3,067 | 3,292 | 3,598 | 3,655 | 3,717 | 3,800 |
| <b>Drug Enforcement Administration</b>                                   |     |                |          |       |       |       |       |       |       |
| <i>Federal funds</i>   |     |                |          |       |       |       |       |       |       |
| <b>General and Special Funds:</b>  |     |                |          |       |       |       |       |       |       |
| Salaries and expenses:   |     |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                       | 751 | BA             | 1,256    | 1,376 | 1,481 | 1,514 | 1,548 | 1,582 | 1,618 |
| Reappropriation, discretionary .....                                     |     | BA             | 16       |       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....      |     | BA             | 228      | 238   | 245   | 245   | 238   | 238   | 238   |
| Outlays .....  |     | O              | 1,469    | 1,641 | 1,636 | 1,790 | 1,774 | 1,809 | 1,843 |
| Salaries and expenses (gross) .....                                      |     | BA             | 1,500    | 1,614 | 1,726 | 1,759 | 1,786 | 1,820 | 1,856 |
|  |     | O              | 1,469    | 1,641 | 1,636 | 1,790 | 1,774 | 1,809 | 1,843 |
| Change in uncollected customer payments from Federal sources .....       |     | BA             | -10      | 87    |       |       |       |       |       |
| Total, offsetting collections (cash) .....                               |     |                | -209     | -325  | -245  | -245  | -238  | -238  | -238  |
| Total Salaries and expenses (net) .....                                  |     | BA             | 1,281    | 1,376 | 1,481 | 1,514 | 1,548 | 1,582 | 1,618 |
|  |     | O              | 1,260    | 1,316 | 1,391 | 1,545 | 1,536 | 1,571 | 1,605 |
| Construction:  |     |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                       | 751 | BA             | 6        |       |       |       |       |       |       |
| Outlays .....  |     | O              | 3        | 8     | 9     |       |       |       |       |
| Diversion control fee account:   |     |                |          |       |       |       |       |       |       |
| Appropriation, discretionary .....                                       | 751 | BA             | -35      | -8    |       |       |       |       |       |
| Appropriation, mandatory .....   |     | BA             | 60       | 92    | 67    | 92    | 95    | 99    | 102   |
| Outlays .....  |     | O              | 74       | 89    | 74    | 88    | 92    | 97    | 101   |
| Total Diversion control fee account .....                                |     | BA             | 25       | 84    | 67    | 92    | 95    | 99    | 102   |
|  |     | O              | 74       | 89    | 74    | 88    | 92    | 97    | 101   |
| Total Federal funds Drug Enforcement Administration .....                |     | BA             | 1,312    | 1,460 | 1,548 | 1,606 | 1,643 | 1,681 | 1,720 |
|  |     | O              | 1,337    | 1,413 | 1,474 | 1,633 | 1,628 | 1,668 | 1,706 |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |     | 2000<br>actual | estimate |        |        |        |        |        |        |
|---|-----|----------------|----------|--------|--------|--------|--------|--------|--------|
|   |     |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |        |
| <b>Immigration and Naturalization Service</b>                       |     |                |          |        |        |        |        |        |        |
| <i>Federal funds</i>  |     |                |          |        |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |     |                |          |        |        |        |        |        |        |
| Salaries and expenses:  |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 751 | BA             | 2,877    | 3,121  | 3,388  | 3,457  | 3,533  | 3,634  | 3,715  |
| Appropriation, mandatory .....                                      |     | BA             | 1        | 13     | 16     | 16     |        |        |        |
| Reappropriation, discretionary .....                                |     | BA             | 16       |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 1,309    | 1,803  | 2,039  | 1,614  | 1,614  | 1,614  | 1,614  |
| Outlays .....   |     | O              | 4,167    | 5,257  | 5,238  | 4,984  | 5,162  | 5,218  | 5,301  |
| Salaries and expenses (gross) .....                                 |     | BA             | 4,203    | 4,937  | 5,443  | 5,087  | 5,147  | 5,248  | 5,329  |
|   |     | O              | 4,167    | 5,257  | 5,238  | 4,984  | 5,162  | 5,218  | 5,301  |
| Total, offsetting collections (cash) .....                          |     |                | -1,309   | -1,803 | -2,039 | -1,614 | -1,614 | -1,614 | -1,614 |
| Total Salaries and expenses (net) .....                             |     | BA             | 2,894    | 3,134  | 3,404  | 3,473  | 3,533  | 3,634  | 3,715  |
|   |     | O              | 2,858    | 3,454  | 3,199  | 3,370  | 3,548  | 3,604  | 3,687  |
| Construction:   |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 751 | BA             | 100      | 133    | 128    | 131    | 134    | 137    | 140    |
| Outlays .....   |     | O              | 63       | 116    | 166    | 124    | 130    | 133    | 135    |
| Immigration emergency fund:   |     |                |          |        |        |        |        |        |        |
| Outlays .....   | 751 | O              | -1       |        |        |        |        |        |        |
| Immigration support:  |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 751 | BA             |          |        | 109    | 111    | 114    | 116    | 119    |
| Appropriation, mandatory .....                                      |     | BA             | 1,262    | 1,742  | 1,870  | 1,780  | 1,648  | 1,618  | 1,613  |
| Outlays .....   |     | O              | 1,243    | 1,742  | 1,946  | 1,891  | 1,761  | 1,734  | 1,731  |
| Total Immigration support .....                                     |     | BA             | 1,262    | 1,742  | 1,979  | 1,891  | 1,762  | 1,734  | 1,732  |
|   |     | O              | 1,243    | 1,742  | 1,946  | 1,891  | 1,761  | 1,734  | 1,731  |
| Total Federal funds Immigration and Naturalization Service .....    |     | BA             | 4,256    | 5,009  | 5,511  | 5,495  | 5,429  | 5,505  | 5,587  |
|   |     | O              | 4,163    | 5,312  | 5,311  | 5,385  | 5,439  | 5,471  | 5,553  |
| <b>Federal Prison System</b>  |     |                |          |        |        |        |        |        |        |
| <i>Federal funds</i>  |     |                |          |        |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |     |                |          |        |        |        |        |        |        |
| Salaries and expenses:  |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 753 | BA             | 3,070    | 3,469  | 3,829  | 3,832  | 3,952  | 4,074  | 4,165  |
| Reappropriation, discretionary .....                                |     | BA             | 40       |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 28       | 39     | 40     | 24     | 25     | 26     | 27     |
| Outlays .....   |     | O              | 3,092    | 3,463  | 3,725  | 3,837  | 3,959  | 4,076  | 4,172  |
| Salaries and expenses (gross) .....                                 |     | BA             | 3,138    | 3,508  | 3,869  | 3,856  | 3,977  | 4,100  | 4,192  |
|   |     | O              | 3,092    | 3,463  | 3,725  | 3,837  | 3,959  | 4,076  | 4,172  |
| Total, offsetting collections (cash) .....                          |     |                | -28      | -39    | -40    | -24    | -25    | -26    | -27    |
| Total Salaries and expenses (net) .....                             |     | BA             | 3,110    | 3,469  | 3,829  | 3,832  | 3,952  | 4,074  | 4,165  |
|   |     | O              | 3,064    | 3,424  | 3,685  | 3,813  | 3,934  | 4,050  | 4,145  |
| Buildings and facilities:   |     |                |          |        |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 753 | BA             | 557      | 834    | 833    | 852    | 871    | 890    | 910    |
| Outlays .....   |     | O              | 602      | 813    | 593    | 1,005  | 982    | 862    | 881    |
| <b>Intragovernmental Funds:</b>                                     |     |                |          |        |        |        |        |        |        |
| Federal Prison Industries, Incorporated:                            |     |                |          |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary ..... | 753 | BA             | 3        | 3      | 3      | 4      | 4      | 5      | 5      |
| Spending authority from offsetting collections, mandatory .....     |     | BA             | 549      | 605    | 639    | 726    | 761    | 798    | 837    |
| Outlays .....   |     | O              | 592      | 608    | 642    | 730    | 765    | 803    | 842    |
| Federal Prison Industries, Incorporated (gross) .....               |     | BA             | 552      | 608    | 642    | 730    | 765    | 803    | 842    |
|   |     | O              | 592      | 608    | 642    | 730    | 765    | 803    | 842    |
| Total, offsetting collections (cash) .....                          |     |                | -552     | -608   | -642   | -730   | -765   | -803   | -842   |
| Total Federal Prison Industries, Incorporated (net) .....           |     | BA             |          |        |        |        |        |        |        |
|   |     | O              | 40       |        |        |        |        |        |        |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Trust funds</i>   |        |                |          |       |       |       |       |       |
| Commissary funds, Federal prisons (trust revolving fund):                                |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                                | 753 BA | 215            | 221      | 227   | 220   | 225   | 229   | 234   |
| Outlays  | O      | 216            | 221      | 227   | 220   | 224   | 229   | 234   |
| Commissary funds, Federal prisons (trust revolving fund) (gross)                         | BA     | 215            | 221      | 227   | 220   | 225   | 229   | 234   |
|  | O      | 216            | 221      | 227   | 220   | 224   | 229   | 234   |
| Total, offsetting collections (cash)   |        | -215           | -221     | -227  | -220  | -225  | -229  | -234  |
| Total Commissary funds, Federal prisons (trust revolving fund) (net)                     | BA     | 1              |          |       |       | -1    |       |       |
|  | O      |                |          |       |       |       |       |       |
| Total Federal funds Federal Prison System  | BA     | 3,667          | 4,303    | 4,662 | 4,684 | 4,823 | 4,964 | 5,075 |
|  | O      | 3,706          | 4,237    | 4,278 | 4,818 | 4,916 | 4,912 | 5,026 |
| Total Trust funds Federal Prison System  | BA     | 1              |          |       |       | -1    |       |       |
|  | O      |                |          |       |       |       |       |       |
| <b>Office of Justice Programs</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Justice assistance:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 754 BA | 316            | 424      | 415   | 424   | 434   | 443   | 453   |
| Spending authority from offsetting collections, discretionary                            | BA     | 286            | 495      | 485   | 85    | 85    | 85    | 85    |
| Outlays  | O      | 376            | 737      | 995   | 722   | 542   | 517   | 527   |
| Justice assistance (gross)   | BA     | 602            | 919      | 900   | 509   | 519   | 528   | 538   |
|  | O      | 376            | 737      | 995   | 722   | 542   | 517   | 527   |
| Change in uncollected customer payments from Federal sources                             | BA     | 58             | 22       |       |       |       |       |       |
| Total, offsetting collections (cash)   |        | -344           | -517     | -485  | -85   | -85   | -85   | -85   |
| Total Justice assistance (net)   | BA     | 316            | 424      | 415   | 424   | 434   | 443   | 453   |
|  | O      | 32             | 220      | 510   | 637   | 457   | 432   | 442   |
| State and local law enforcement assistance:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 754 BA | 1,577          | 2,852    | 2,018 | 2,063 | 2,109 | 2,156 | 2,204 |
| Spending authority from offsetting collections, discretionary                            | BA     | 28             | 44       | 33    | 33    | 33    | 33    | 33    |
| Outlays  | O      | 557            | 1,887    | 3,388 | 4,027 | 2,384 | 2,131 | 2,179 |
| State and local law enforcement assistance (gross)                                       | BA     | 1,605          | 2,896    | 2,051 | 2,096 | 2,142 | 2,189 | 2,237 |
|  | O      | 557            | 1,887    | 3,388 | 4,027 | 2,384 | 2,131 | 2,179 |
| Total, offsetting collections (cash)   |        | -28            | -44      | -33   | -33   | -33   | -33   | -33   |
| Total State and local law enforcement assistance (net)                                   | BA     | 1,577          | 2,852    | 2,018 | 2,063 | 2,109 | 2,156 | 2,204 |
|  | O      | 529            | 1,843    | 3,355 | 3,994 | 2,351 | 2,098 | 2,146 |
| Violent crime reduction programs, State and local law enforcement assistance:            |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 754 BA | 1,184          |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary                            | BA     | 36             |          |       |       |       |       |       |
| Outlays  | O      | 2,087          |          |       |       |       |       |       |
| Violent crime reduction programs, State and local law enforcement assistance (gross)     | BA     | 1,220          |          |       |       |       |       |       |
|  | O      | 2,087          |          |       |       |       |       |       |
| Total, offsetting collections (cash)   |        | -36            |          |       |       |       |       |       |
| Total Violent crime reduction programs, State and local law enforcement assistance (net) | BA     | 1,184          |          |       |       |       |       |       |
|  | O      | 2,051          |          |       |       |       |       |       |
| Weed and seed program fund:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 751 BA | 34             | 34       | 59    | 60    | 62    | 63    | 64    |
| Spending authority from offsetting collections, discretionary                            | BA     | 7              | 7        |       |       |       |       |       |
| Outlays  | O      | 42             | 28       | 51    | 70    | 62    | 61    | 63    |
| Weed and seed program fund (gross)   | BA     | 41             | 41       | 59    | 60    | 62    | 63    | 64    |
|  | O      | 42             | 28       | 51    | 70    | 62    | 61    | 63    |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |        |        |        |        |        |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Change in uncollected customer payments from Federal sources .....  | BA       | 1              |          |        |        |        |        |        |
| Total, offsetting collections (cash) .....                          |          | -8             | -7       |        |        |        |        |        |
| Total Weed and seed program fund (net) .....                        | BA       | 34             | 34       | 59     | 60     | 62     | 63     | 64     |
|   | O        | 34             | 21       | 51     | 70     | 62     | 61     | 63     |
| Community oriented policing services:                               |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   | 595            | 1,037    | 855    | 870    | 889    | 909    | 930    |
| Outlays .....   | O        | 1,390          | 1,210    | 926    | 1,247  | 1,198  | 881    | 885    |
| Juvenile justice programs:  |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   | 280            | 292      | 291    | 297    | 304    | 311    | 318    |
| Spending authority from offsetting collections, discretionary ..... | BA       | 38             | 35       | 35     | 35     | 35     | 35     | 35     |
| Outlays .....   | O        | 255            | 232      | 440    | 524    | 361    | 337    | 344    |
| Juvenile justice programs (gross) .....                             | BA       | 318            | 327      | 326    | 332    | 339    | 346    | 353    |
|   | O        | 255            | 232      | 440    | 524    | 361    | 337    | 344    |
| Change in uncollected customer payments from Federal sources .....  | BA       | 6              |          |        |        |        |        |        |
| Total, offsetting collections (cash) .....                          |          | -44            | -35      | -35    | -35    | -35    | -35    | -35    |
| Total Juvenile justice programs (net) .....                         | BA       | 280            | 292      | 291    | 297    | 304    | 311    | 318    |
|   | O        | 211            | 197      | 405    | 489    | 326    | 302    | 309    |
| Public safety officers' benefits:                                   |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   |                | 2        | 2      | 2      | 2      | 2      | 2      |
| Appropriation, mandatory .....                                      | BA       | 33             | 33       | 33     | 34     | 35     | 35     | 36     |
| Outlays .....   | O        | 29             | 40       | 36     | 36     | 37     | 37     | 38     |
| Public safety officers' benefits (gross) .....                      | BA       | 33             | 35       | 35     | 36     | 37     | 37     | 38     |
|   | O        | 29             | 40       | 36     | 36     | 37     | 37     | 38     |
| Change in uncollected customer payments from Federal sources .....  | BA       | 1              |          |        |        |        |        |        |
| Total, offsetting collections (cash) .....                          |          | -1             |          |        |        |        |        |        |
| Total Public safety officers' benefits (net) .....                  | BA       | 33             | 35       | 35     | 36     | 37     | 37     | 38     |
|   | O        | 28             | 40       | 36     | 36     | 37     | 37     | 38     |
| Crime victims fund:   |          |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                  | 754 BA   |                |          | -1,008 | 708    | 300    |        |        |
| Appropriation, mandatory .....                                      | BA       | -523           | 517      | 1,583  | 400    | 400    | 400    | 400    |
| Spending authority from offsetting collections, discretionary ..... | BA       | 2              |          |        |        |        |        |        |
| Outlays .....   | O        | 394            | 666      | 498    | 850    | 810    | 561    | 430    |
| Crime victims fund (gross) .....                                    | BA       | -521           | 517      | 575    | 1,108  | 700    | 400    | 400    |
|   | O        | 394            | 666      | 498    | 850    | 810    | 561    | 430    |
| Change in uncollected customer payments from Federal sources .....  | BA       |                | 1        |        |        |        |        |        |
| Total, offsetting collections (cash) .....                          |          | -2             | -1       |        |        |        |        |        |
| Total Crime victims fund (net) .....                                | BA       | -523           | 517      | 575    | 1,108  | 700    | 400    | 400    |
|   | O        | 392            | 665      | 498    | 850    | 810    | 561    | 430    |
| Total Federal funds Office of Justice Programs .....                | BA       | 3,496          | 5,191    | 4,248  | 4,858  | 4,535  | 4,319  | 4,407  |
|   | O        | 4,667          | 4,196    | 5,781  | 7,323  | 5,241  | 4,372  | 4,313  |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 20,230         | 23,820   | 24,193 | 25,009 | 24,991 | 25,160 | 25,662 |
|   | O        | 21,095         | 22,991   | 24,909 | 27,681 | 25,752 | 25,090 | 25,420 |
| Deductions for offsetting receipts:                                 |          |                |          |        |        |        |        |        |
| Intrafund transactions .....  | 908 BA/O | -68            | -36      | -37    | -37    | -37    | -37    | -37    |
| Offsetting governmental receipts .....                              | 751 BA/O | -1,483         | -2,262   | -2,349 | -2,285 | -1,795 | -1,790 | -1,785 |
| Total Federal funds .....   | BA       | 18,679         | 21,522   | 21,807 | 22,687 | 23,159 | 23,333 | 23,840 |
|   | O        | 19,544         | 20,693   | 22,523 | 25,359 | 23,920 | 23,263 | 23,598 |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA       | 3              | 11       |        |        |        |        |        |
|   | O        | 13             | 7        | 4      | 1      | -1     |        |        |

**DEPARTMENT OF JUSTICE—Continued**  
(In millions of dollars)

| Account                           |          | 2000<br>actual | estimate      |               |               |               |               |               |
|-----------------------------------|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                   |          |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Interfund transactions .....      | 054 BA/O | -3             | -11           | -11           | -11           | -12           | -12           | -12           |
|                                   |          |                |               | 11            | 11            | 12            | 12            | 12            |
| Total Department of Justice ..... | BA       | <b>18,679</b>  | <b>21,522</b> | <b>21,807</b> | <b>22,687</b> | <b>23,159</b> | <b>23,333</b> | <b>23,840</b> |
|                                   | O        | 19,554         | 20,689        | 22,527        | 25,360        | 23,919        | 23,263        | 23,598        |

**DEPARTMENT OF LABOR**  
(In millions of dollars)

| Account |  | 2000<br>actual | estimate |      |      |      |      |      |
|---------|--|----------------|----------|------|------|------|------|------|
|         |  |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |

**Employment and Training Administration**

*Federal funds*

**General and Special Funds:**

Training and employment services:

|   |        |              |              |              |              |              |              |              |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, discretionary .....                                  | 504 BA | 2,990        | 3,207        | 5,129        | 5,485        | 5,607        | 5,732        | 5,860        |
| Appropriation, mandatory .....                                      | BA     | 76           | 180          | 213          | 213          |              |              |              |
| Advance appropriation, discretionary .....                          | BA     |              | 2,463        |              |              |              |              |              |
| Advance appropriation, mandatory .....                              | BA     |              |              | 2,463        |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2            | 4            | 4            | 4            | 4            | 4            | 4            |
| Outlays .....   | O      | 4,284        | 5,270        | 6,363        | 6,136        | 5,671        | 5,684        | 5,745        |
| Training and employment services (gross) .....                      | BA     | <b>3,068</b> | <b>5,854</b> | <b>7,809</b> | <b>5,702</b> | <b>5,611</b> | <b>5,736</b> | <b>5,864</b> |
|   | O      | 4,284        | 5,270        | 6,363        | 6,136        | 5,671        | 5,684        | 5,745        |
| Total, offsetting collections (cash) .....                          |        | -2           | -4           | -4           | -4           | -4           | -4           | -4           |
| Total Training and employment services (net) .....                  | BA     | <b>3,066</b> | <b>5,850</b> | <b>7,805</b> | <b>5,698</b> | <b>5,607</b> | <b>5,732</b> | <b>5,860</b> |
|   | O      | 4,282        | 5,266        | 6,359        | 6,132        | 5,667        | 5,680        | 5,741        |

Welfare to work jobs:

|                                |        |      |     |     |     |    |  |  |
|--------------------------------|--------|------|-----|-----|-----|----|--|--|
| Appropriation, mandatory ..... | 504 BA | -137 | -50 |     |     |    |  |  |
| Outlays .....                  | O      | 527  | 850 | 690 | 275 | 85 |  |  |

Community service employment for older Americans:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 504 BA | 440 | 440 | 440 | 450 | 460 | 470 | 481 |
| Outlays .....                      | O      | 400 | 477 | 440 | 441 | 451 | 461 | 471 |

Federal unemployment benefits and allowances

(Training and employment):

|                                       |        |            |            |            |            |            |            |            |
|---------------------------------------|--------|------------|------------|------------|------------|------------|------------|------------|
| (Appropriation, mandatory) .....      | 504 BA | 132        | 132        |            |            |            |            |            |
|                                       |        |            |            | 132        | 132        | 132        | 132        | 132        |
| (Outlays) .....                       | O      | 133        | 141        | 96         | 26         |            |            |            |
|                                       |        |            |            | 40         | 106        | 132        | 132        | 132        |
| Total (Training and employment) ..... | BA     | <b>132</b> |
|                                       | O      | 133        | 141        | 136        | 132        | 132        | 132        | 132        |

(Unemployment compensation):

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, mandatory) .....                                  | 603 BA | 283 | 275 | 11  |     |     |     |     |
|   |        |     |     | 273 | 280 | 294 | 306 | 320 |
| (Spending authority from offsetting collections, mandatory) ..... | BA     | 18  | 40  | 40  | 40  | 40  | 40  | 40  |
| (Outlays) .....   | O      | 289 | 315 | 51  | 40  | 40  | 40  | 40  |
|   |        |     |     | 273 | 280 | 294 | 306 | 320 |

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Federal unemployment benefits and allowances (gross) ..... | BA | <b>433</b> | <b>447</b> | <b>456</b> | <b>452</b> | <b>466</b> | <b>478</b> | <b>492</b> |
|  | O  | 422        | 456        | 460        | 452        | 466        | 478        | 492        |

|  |  |     |     |     |     |     |     |     |
|--|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections (cash) ..... |  | -18 | -40 | -40 | -40 | -40 | -40 | -40 |
|--|--|-----|-----|-----|-----|-----|-----|-----|

|   |    |            |            |            |            |            |            |            |
|---|----|------------|------------|------------|------------|------------|------------|------------|
| Total (Unemployment compensation) (net) ..... | BA | <b>283</b> | <b>275</b> | <b>284</b> | <b>280</b> | <b>294</b> | <b>306</b> | <b>320</b> |
|   | O  | 271        | 275        | 284        | 280        | 294        | 306        | 320        |

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Federal unemployment benefits and allowances ..... | BA | <b>415</b> | <b>407</b> | <b>416</b> | <b>412</b> | <b>426</b> | <b>438</b> | <b>452</b> |
|  | O  | 404        | 416        | 420        | 412        | 426        | 438        | 452        |

State unemployment insurance and employment service operations

(Training and employment):

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) .....                                  | 504 BA | 163 | 193 | 177 | 181 | 185 | 189 | 193 |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 803 | 800 | 823 | 790 | 842 | 882 | 912 |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |               |               |               | 2006          |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |        |                | 2001          | 2002          | 2003          | 2004          | 2005          |               |
| (Outlays) .....  | O      | 1,028          | 965           | 998           | 972           | 1,023         | 1,065         | 1,098         |
| State unemployment insurance and employment service operations (gross) ..... | BA     | <b>966</b>     | <b>993</b>    | <b>1,000</b>  | <b>971</b>    | <b>1,027</b>  | <b>1,071</b>  | <b>1,105</b>  |
|  | O      | 1,028          | 965           | 998           | 972           | 1,023         | 1,065         | 1,098         |
| (Change in uncollected customer payments from Federal sources) .....         | BA     | <b>92</b>      |               |               |               |               |               |               |
| (Adjustment to uncollected customer payments from Federal sources) .....     | BA     | <b>-92</b>     |               |               |               |               |               |               |
| Total, offsetting collections (cash) .....                                   |        | -803           | -800          | -823          | -790          | -842          | -882          | -912          |
| Total (Training and employment) (net) .....                                  | BA     | <b>163</b>     | <b>193</b>    | <b>177</b>    | <b>181</b>    | <b>185</b>    | <b>189</b>    | <b>193</b>    |
|  | O      | 225            | 165           | 175           | 182           | 181           | 183           | 186           |
| (Unemployment compensation):   |        |                |               |               |               |               |               |               |
| (Spending authority from offsetting collections, discretionary) .....        | 603 BA | <b>2,272</b>   | <b>2,374</b>  | <b>2,424</b>  | <b>2,420</b>  | <b>2,483</b>  | <b>2,547</b>  | <b>2,613</b>  |
| (Outlays) .....  | O      | 2,272          | 2,374         | 2,424         | 2,420         | 2,483         | 2,547         | 2,613         |
| State unemployment insurance and employment service operations (gross) ..... | BA     | <b>2,435</b>   | <b>2,567</b>  | <b>2,601</b>  | <b>2,601</b>  | <b>2,668</b>  | <b>2,736</b>  | <b>2,806</b>  |
|  | O      | 2,497          | 2,539         | 2,599         | 2,602         | 2,664         | 2,730         | 2,799         |
| Total, offsetting collections (cash) .....                                   |        | -2,272         | -2,374        | -2,424        | -2,420        | -2,483        | -2,547        | -2,613        |
| Total (Unemployment compensation) (net) .....                                | BA     |                |               |               |               |               |               |               |
|  | O      |                |               |               |               |               |               |               |
| Total State unemployment insurance and employment service operations .....   | BA     | <b>163</b>     | <b>193</b>    | <b>177</b>    | <b>181</b>    | <b>185</b>    | <b>189</b>    | <b>193</b>    |
|  | O      | 225            | 165           | 175           | 182           | 181           | 183           | 186           |
| Program administration:  |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....   | 504 BA | <b>101</b>     | <b>110</b>    | <b>113</b>    | <b>116</b>    | <b>118</b>    | <b>120</b>    | <b>123</b>    |
| Spending authority from offsetting collections, discretionary .....          | BA     | <b>45</b>      | <b>49</b>     | <b>49</b>     | <b>50</b>     | <b>52</b>     | <b>54</b>     | <b>55</b>     |
| Outlays .....  | O      | 146            | 167           | 162           | 165           | 170           | 175           | 178           |
| Program administration (gross) .....   | BA     | <b>146</b>     | <b>159</b>    | <b>162</b>    | <b>166</b>    | <b>170</b>    | <b>174</b>    | <b>178</b>    |
|  | O      | 146            | 167           | 162           | 165           | 170           | 175           | 178           |
| Total, offsetting collections (cash) .....                                   |        | -45            | -49           | -49           | -50           | -52           | -54           | -55           |
| Total Program administration (net) .....                                     | BA     | <b>101</b>     | <b>110</b>    | <b>113</b>    | <b>116</b>    | <b>118</b>    | <b>120</b>    | <b>123</b>    |
|  | O      | 101            | 118           | 113           | 115           | 118           | 121           | 123           |
| <i>Trust funds</i>   |        |                |               |               |               |               |               |               |
| Unemployment trust fund  |        |                |               |               |               |               |               |               |
| (Training and employment):   |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....   | 504 BA | <b>1,089</b>   | <b>1,126</b>  | <b>1,128</b>  | <b>1,154</b>  | <b>1,178</b>  | <b>1,205</b>  | <b>1,233</b>  |
| (Outlays) .....  | O      | 1,089          | 1,102         | 1,128         | 1,139         | 1,164         | 1,190         | 1,217         |
| (Unemployment compensation):   |        |                |               |               |               |               |               |               |
| (Appropriation, discretionary) .....   | 603 BA | <b>2,270</b>   | <b>2,369</b>  | <b>2,419</b>  | <b>2,473</b>  | <b>2,528</b>  | <b>2,584</b>  | <b>2,642</b>  |
| (Appropriation, mandatory) .....   | BA     | <b>20,790</b>  | <b>25,544</b> | <b>28,443</b> | <b>29,136</b> | <b>30,941</b> | <b>32,590</b> | <b>34,375</b> |
| (Outlays) .....  | O      | 23,060         | 27,913        | 30,862        | 31,609        | 33,469        | 35,174        | 37,017        |
| Total (Unemployment compensation) .....                                      | BA     | <b>23,060</b>  | <b>27,913</b> | <b>30,862</b> | <b>31,609</b> | <b>33,469</b> | <b>35,174</b> | <b>37,017</b> |
|  | O      | 23,060         | 27,913        | 30,862        | 31,609        | 33,469        | 35,174        | 37,017        |
| Total Unemployment trust fund .....  | BA     | <b>24,149</b>  | <b>29,039</b> | <b>31,990</b> | <b>32,763</b> | <b>34,647</b> | <b>36,379</b> | <b>38,250</b> |
|  | O      | 24,149         | 29,015        | 31,990        | 32,748        | 34,633        | 36,364        | 38,234        |
| Total Federal funds Employment and Training Administration .....             | BA     | <b>4,048</b>   | <b>6,950</b>  | <b>8,951</b>  | <b>6,857</b>  | <b>6,796</b>  | <b>6,949</b>  | <b>7,109</b>  |
|  | O      | 5,939          | 7,292         | 8,197         | 7,557         | 6,928         | 6,883         | 6,973         |
| Total Trust funds Employment and Training Administration .....               | BA     | <b>24,149</b>  | <b>29,039</b> | <b>31,990</b> | <b>32,763</b> | <b>34,647</b> | <b>36,379</b> | <b>38,250</b> |
|  | O      | 24,149         | 29,015        | 31,990        | 32,748        | 34,633        | 36,364        | 38,234        |
| <b>Pension and welfare benefit administration</b>                            |        |                |               |               |               |               |               |               |
| <i>Federal funds</i>   |        |                |               |               |               |               |               |               |
| <b>General and Special Funds:</b>  |        |                |               |               |               |               |               |               |
| Salaries and expenses:   |        |                |               |               |               |               |               |               |
| Appropriation, discretionary .....   | 601 BA | <b>99</b>      | <b>108</b>    | <b>108</b>    | <b>110</b>    | <b>113</b>    | <b>115</b>    | <b>118</b>    |
| Spending authority from offsetting collections, discretionary .....          | BA     | <b>7</b>       | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     | <b>10</b>     |
| Outlays .....  | O      | 99             | 116           | 118           | 120           | 122           | 125           | 127           |
| Salaries and expenses (gross) .....  | BA     | <b>106</b>     | <b>118</b>    | <b>118</b>    | <b>120</b>    | <b>123</b>    | <b>125</b>    | <b>128</b>    |
|  | O      | 99             | 116           | 118           | 120           | 122           | 125           | 127           |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Total, offsetting collections (cash) .....  |        | -7             | -10          | -10          | -10          | -10          | -10          | -10          |
| Total Salaries and expenses (net) .....   | BA     | <b>99</b>      | <b>108</b>   | <b>108</b>   | <b>110</b>   | <b>113</b>   | <b>115</b>   | <b>118</b>   |
|   | O      | 92             | 106          | 108          | 110          | 112          | 115          | 117          |
| <b>Pension Benefit Guaranty Corporation</b>                                       |        |                |              |              |              |              |              |              |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |
| <b>Public Enterprise Funds:</b>   |        |                |              |              |              |              |              |              |
| Pension benefit guaranty corporation fund:  |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....               | 601 BA | 11             | 12           | 12           | 12           | 12           | 12           | 12           |
| Spending authority from offsetting collections, mandatory .....                   | BA     | 2,499          | 2,524        | 2,891        | 2,930        | 3,098        | 3,244        | 3,399        |
| Outlays .....   | O      | 1,365          | 1,336        | 1,299        | 1,437        | 1,442        | 1,548        | 1,690        |
| Pension benefit guaranty corporation fund (gross) .....                           | BA     | <b>2,510</b>   | <b>2,536</b> | <b>2,903</b> | <b>2,942</b> | <b>3,110</b> | <b>3,256</b> | <b>3,411</b> |
|   | O      | 1,365          | 1,336        | 1,299        | 1,437        | 1,442        | 1,548        | 1,690        |
| Total, offsetting collections (cash) .....  |        | -2,510         | -2,536       | -2,903       | -2,943       | -3,111       | -3,257       | -3,413       |
| Total Pension benefit guaranty corporation fund (net) .....                       | BA     | .....          | .....        | .....        | -1           | -1           | -1           | -2           |
|   | O      | -1,145         | -1,200       | -1,604       | -1,506       | -1,669       | -1,709       | -1,723       |
| <b>Employment Standards Administration</b>  |        |                |              |              |              |              |              |              |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>   |        |                |              |              |              |              |              |              |
| Salaries and expenses:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....  | 505 BA | 337            | 361          | 282          | 288          | 295          | 301          | 308          |
| Appropriation, mandatory .....  | BA     | 8              | 13           | 16           | 16           | .....        | .....        | .....        |
| Spending authority from offsetting collections, discretionary .....               | BA     | 35             | 38           | 119          | 120          | 123          | 127          | 130          |
| Outlays .....   | O      | 370            | 413          | 413          | 424          | 417          | 428          | 437          |
| Salaries and expenses (gross) .....   | BA     | <b>380</b>     | <b>412</b>   | <b>417</b>   | <b>424</b>   | <b>418</b>   | <b>428</b>   | <b>438</b>   |
|   | O      | 370            | 413          | 413          | 424          | 417          | 428          | 437          |
| Total, offsetting collections (cash) .....  |        | -35            | -38          | -39          | -40          | -41          | -42          | -43          |
| Total Salaries and expenses (net) .....   | BA     | <b>345</b>     | <b>374</b>   | <b>378</b>   | <b>384</b>   | <b>377</b>   | <b>386</b>   | <b>395</b>   |
|   | O      | 335            | 375          | 374          | 384          | 376          | 386          | 394          |
| Special benefits  |        |                |              |              |              |              |              |              |
| (General retirement and disability insurance (excluding social se):               |        |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....  | 601 BA | 4              | 3            | 3            | 3            | 3            | 3            | 3            |
| (Outlays) .....   | O      | 4              | 3            | 3            | 3            | 3            | 3            | 3            |
| (Federal employee retirement and disability):                                     |        |                |              |              |              |              |              |              |
| (Appropriation, mandatory) .....  | 602 BA | 75             | 53           | 118          | 144          | 150          | 160          | 175          |
| (Spending authority from offsetting collections, mandatory) .....                 | BA     | 2,034          | 2,045        | 2,082        | 2,097        | 2,159        | 2,210        | 2,261        |
| (Outlays) .....   | O      | 2,055          | 2,175        | 2,222        | 2,272        | 2,326        | 2,381        | 2,442        |
| Special benefits (gross) .....  | BA     | <b>2,113</b>   | <b>2,101</b> | <b>2,203</b> | <b>2,244</b> | <b>2,312</b> | <b>2,373</b> | <b>2,439</b> |
|   | O      | 2,059          | 2,178        | 2,225        | 2,275        | 2,329        | 2,384        | 2,445        |
| Total, offsetting collections (cash) .....  |        | -2,034         | -2,045       | -2,162       | -2,177       | -2,241       | -2,295       | -2,348       |
| Total (Federal employee retirement and disability) (net) .....                    | BA     | <b>75</b>      | <b>53</b>    | <b>38</b>    | <b>64</b>    | <b>68</b>    | <b>75</b>    | <b>88</b>    |
|   | O      | 21             | 130          | 60           | 95           | 85           | 86           | 94           |
| Total Special benefits .....  | BA     | <b>79</b>      | <b>56</b>    | <b>41</b>    | <b>67</b>    | <b>71</b>    | <b>78</b>    | <b>91</b>    |
|   | O      | 25             | 133          | 63           | 98           | 88           | 89           | 97           |
| Energy employees occupational illness compensation fund:                          |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 053 BA | .....          | 358          | 597          | 477          | 253          | 222          | 149          |
| Outlays .....   | O      | .....          | 358          | 597          | 477          | 253          | 222          | 149          |
| Administrative expenses, Energy employees occupational illness compensation fund: |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 053 BA | .....          | 50           | 136          | 100          | 55           | 50           | 33           |
| Outlays .....   | O      | .....          | 15           | 120          | 114          | 71           | 54           | 38           |
| Panama Canal Commission compensation fund:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 602 BA | 5              | 7            | 7            | 7            | 6            | 5            | 5            |
| Outlays .....   | O      | 6              | 7            | 7            | 7            | 6            | 5            | 5            |
| <i>Trust funds</i>  |        |                |              |              |              |              |              |              |
| Black lung disability trust fund:   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....  | 601 BA | 518            | 557          | 572          | 585          | 598          | 611          | 620          |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account  |           | 2000<br>actual | estimate     |              |              |              |              |              |
|--|-----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |           |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Authority to borrow, mandatory .....                                 | BA        | 490            | 471          | 464          | 466          | 468          | 469          | 474          |
| Outlays .....  | O         | 1,008          | 1,028        | 1,036        | 1,051        | 1,066        | 1,080        | 1,094        |
| <b>Total Black lung disability trust fund .....</b>                  | <b>BA</b> | <b>1,008</b>   | <b>1,028</b> | <b>1,036</b> | <b>1,051</b> | <b>1,066</b> | <b>1,080</b> | <b>1,094</b> |
|  | <b>O</b>  | <b>1,008</b>   | <b>1,028</b> | <b>1,036</b> | <b>1,051</b> | <b>1,066</b> | <b>1,080</b> | <b>1,094</b> |
| Special workers' compensation expenses:                              |           |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                   | 601 BA    | 2              | 2            | 2            | 2            | 2            | 2            | 2            |
| Appropriation, mandatory .....                                       | BA        | 147            | 151          | 149          | 154          | 154          | 154          | 154          |
| Outlays .....  | O         | 143            | 148          | 148          | 151          | 152          | 151          | 151          |
| <b>Total Special workers' compensation expenses .....</b>            | <b>BA</b> | <b>149</b>     | <b>153</b>   | <b>151</b>   | <b>156</b>   | <b>156</b>   | <b>156</b>   | <b>156</b>   |
|  | <b>O</b>  | <b>143</b>     | <b>148</b>   | <b>148</b>   | <b>151</b>   | <b>152</b>   | <b>151</b>   | <b>151</b>   |
| <b>Total Federal funds Employment Standards Administration .....</b> | <b>BA</b> | <b>429</b>     | <b>845</b>   | <b>1,159</b> | <b>1,035</b> | <b>762</b>   | <b>741</b>   | <b>673</b>   |
|  | <b>O</b>  | <b>366</b>     | <b>888</b>   | <b>1,161</b> | <b>1,080</b> | <b>794</b>   | <b>756</b>   | <b>683</b>   |
| <b>Total Trust funds Employment Standards Administration .....</b>   | <b>BA</b> | <b>1,157</b>   | <b>1,181</b> | <b>1,187</b> | <b>1,207</b> | <b>1,222</b> | <b>1,236</b> | <b>1,250</b> |
|  | <b>O</b>  | <b>1,151</b>   | <b>1,176</b> | <b>1,184</b> | <b>1,202</b> | <b>1,218</b> | <b>1,231</b> | <b>1,245</b> |

**Occupational Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |           |            |            |            |            |            |            |            |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 554 BA    | 381        | 425        | 426        | 435        | 445        | 455        | 465        |
| Spending authority from offsetting collections, discretionary ..... | BA        | 3          | 4          | 4          | 4          | 4          | 4          | 4          |
| Outlays .....   | O         | 370        | 421        | 429        | 438        | 447        | 457        | 468        |
| <b>Salaries and expenses (gross) .....</b>                          | <b>BA</b> | <b>384</b> | <b>429</b> | <b>430</b> | <b>439</b> | <b>449</b> | <b>459</b> | <b>469</b> |
|   | <b>O</b>  | <b>370</b> | <b>421</b> | <b>429</b> | <b>438</b> | <b>447</b> | <b>457</b> | <b>468</b> |
| <b>Total, offsetting collections (cash) .....</b>                   |           | <b>-3</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  | <b>-4</b>  |
| <b>Total Salaries and expenses (net) .....</b>                      | <b>BA</b> | <b>381</b> | <b>425</b> | <b>426</b> | <b>435</b> | <b>445</b> | <b>455</b> | <b>465</b> |
|   | <b>O</b>  | <b>367</b> | <b>417</b> | <b>425</b> | <b>434</b> | <b>443</b> | <b>453</b> | <b>464</b> |

**Mine Safety and Health Administration**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |           |              |            |            |            |            |            |            |
|---|-----------|--------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 554 BA    | 228          | 246        | 246        | 251        | 257        | 263        | 269        |
| Spending authority from offsetting collections, discretionary ..... | BA        | .....        | 2          | 2          | 2          | 2          | 2          | 2          |
| Outlays .....   | O         | 225          | 246        | 248        | 253        | 259        | 264        | 271        |
| <b>Salaries and expenses (gross) .....</b>                          | <b>BA</b> | <b>228</b>   | <b>248</b> | <b>248</b> | <b>253</b> | <b>259</b> | <b>265</b> | <b>271</b> |
|   | <b>O</b>  | <b>225</b>   | <b>246</b> | <b>248</b> | <b>253</b> | <b>259</b> | <b>264</b> | <b>271</b> |
| <b>Total, offsetting collections (cash) .....</b>                   |           | <b>.....</b> | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  |
| <b>Total Salaries and expenses (net) .....</b>                      | <b>BA</b> | <b>228</b>   | <b>246</b> | <b>246</b> | <b>251</b> | <b>257</b> | <b>263</b> | <b>269</b> |
|   | <b>O</b>  | <b>225</b>   | <b>244</b> | <b>246</b> | <b>251</b> | <b>257</b> | <b>262</b> | <b>269</b> |

**Bureau of Labor Statistics**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |           |            |            |            |            |            |            |            |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 505 BA    | 358        | 384        | 407        | 416        | 425        | 435        | 445        |
| Spending authority from offsetting collections, discretionary ..... | BA        | 72         | 79         | 81         | 81         | 83         | 85         | 87         |
| Outlays .....   | O         | 426        | 442        | 469        | 495        | 506        | 518        | 529        |
| <b>Salaries and expenses (gross) .....</b>                          | <b>BA</b> | <b>430</b> | <b>463</b> | <b>488</b> | <b>497</b> | <b>508</b> | <b>520</b> | <b>532</b> |
|   | <b>O</b>  | <b>426</b> | <b>442</b> | <b>469</b> | <b>495</b> | <b>506</b> | <b>518</b> | <b>529</b> |
| <b>Total, offsetting collections (cash) .....</b>                   |           | <b>-72</b> | <b>-79</b> | <b>-81</b> | <b>-81</b> | <b>-83</b> | <b>-85</b> | <b>-87</b> |
| <b>Total Salaries and expenses (net) .....</b>                      | <b>BA</b> | <b>358</b> | <b>384</b> | <b>407</b> | <b>416</b> | <b>425</b> | <b>435</b> | <b>445</b> |
|   | <b>O</b>  | <b>354</b> | <b>363</b> | <b>388</b> | <b>414</b> | <b>423</b> | <b>433</b> | <b>442</b> |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |        |       |       |       |       |
|---|----------|----------------|----------|--------|-------|-------|-------|-------|
|   |          |                | 2001     | 2002   | 2003  | 2004  | 2005  | 2006  |
| <b>Departmental Management</b>                                      |          |                |          |        |       |       |       |       |
| <i>Federal funds</i>  |          |                |          |        |       |       |       |       |
| <b>General and Special Funds:</b>                                   |          |                |          |        |       |       |       |       |
| Salaries and expenses:  |          |                |          |        |       |       |       |       |
| Appropriation, discretionary .....                                  | 505 BA   | 237            | 358      | 329    | 336   | 344   | 352   | 359   |
| Spending authority from offsetting collections, discretionary ..... | BA       | 35             | 36       | 37     | 35    | 37    | 38    | 39    |
| Outlays .....   | O        | 246            | 356      | 369    | 370   | 379   | 387   | 396   |
| Salaries and expenses (gross) .....                                 | BA       | 272            | 394      | 366    | 371   | 381   | 390   | 398   |
|   | O        | 246            | 356      | 369    | 370   | 379   | 387   | 396   |
| Total, offsetting collections (cash) .....                          |          | -35            | -36      | -37    | -35   | -36   | -37   | -38   |
| Total Salaries and expenses (net) .....                             | BA       | 237            | 358      | 329    | 336   | 345   | 353   | 360   |
|   | O        | 211            | 320      | 332    | 335   | 343   | 350   | 358   |
| Office of Disability Employment Policy:                             |          |                |          |        |       |       |       |       |
| Appropriation, discretionary .....                                  | 505 BA   | 7              | 23       | 43     | 44    | 45    | 46    | 47    |
| Outlays .....   | O        | 4              | 18       | 38     | 43    | 45    | 46    | 47    |
| Office of the Inspector General:                                    |          |                |          |        |       |       |       |       |
| Appropriation, discretionary .....                                  | 505 BA   | 48             | 50       | 52     | 53    | 54    | 56    | 57    |
| Spending authority from offsetting collections, discretionary ..... | BA       | 8              | 17       | 17     | 18    | 18    | 19    | 19    |
| Outlays .....   | O        | 52             | 67       | 69     | 71    | 73    | 75    | 76    |
| Office of the Inspector General (gross) .....                       | BA       | 56             | 67       | 69     | 71    | 72    | 75    | 76    |
|   | O        | 52             | 67       | 69     | 71    | 73    | 75    | 76    |
| Total, offsetting collections (cash) .....                          |          | -8             | -17      | -17    | -18   | -18   | -19   | -19   |
| Total Office of the Inspector General (net) .....                   | BA       | 48             | 50       | 52     | 53    | 54    | 56    | 57    |
|   | O        | 44             | 50       | 52     | 53    | 55    | 56    | 57    |
| Veterans employment and training:                                   |          |                |          |        |       |       |       |       |
| Appropriation, discretionary .....                                  | 702 BA   |                | 25       | 25     | 25    | 26    | 26    | 28    |
| Spending authority from offsetting collections, discretionary ..... | BA       | 184            | 187      | 187    | 192   | 196   | 202   | 207   |
| Outlays .....   | O        | 183            | 189      | 204    | 217   | 221   | 228   | 233   |
| Veterans employment and training (gross) .....                      | BA       | 184            | 212      | 212    | 217   | 222   | 228   | 235   |
|   | O        | 183            | 189      | 204    | 217   | 221   | 228   | 233   |
| Total, offsetting collections (cash) .....                          |          | -184           | -187     | -187   | -192  | -196  | -202  | -207  |
| Total Veterans employment and training (net) .....                  | BA       |                | 25       | 25     | 25    | 26    | 26    | 28    |
|   | O        | -1             | 2        | 17     | 25    | 25    | 26    | 26    |
| <b>Intragovernmental Funds:</b>                                     |          |                |          |        |       |       |       |       |
| Working capital fund:   |          |                |          |        |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | 505 BA   | 125            | 132      | 140    | 132   | 135   | 138   | 141   |
| Outlays .....   | O        | 129            | 138      | 142    | 134   | 136   | 138   | 140   |
| Working capital fund (gross) .....                                  | BA       | 125            | 132      | 140    | 132   | 135   | 138   | 141   |
|   | O        | 129            | 138      | 142    | 134   | 136   | 138   | 140   |
| Total, offsetting collections (cash) .....                          |          | -125           | -132     | -140   | -132  | -135  | -138  | -141  |
| Total Working capital fund (net) .....                              | BA       |                |          |        |       |       |       |       |
|   | O        | 4              | 6        | 2      | 2     | 1     |       | -1    |
| Total Federal funds Departmental Management .....                   | BA       | 292            | 456      | 449    | 458   | 470   | 481   | 492   |
|   | O        | 262            | 396      | 441    | 458   | 469   | 478   | 487   |
| <b>Summary</b>  |          |                |          |        |       |       |       |       |
| Federal funds:  |          |                |          |        |       |       |       |       |
| (As shown in detail above) .....                                    | BA       | 5,835          | 9,414    | 11,746 | 9,561 | 9,267 | 9,438 | 9,569 |
|   | O        | 6,460          | 8,506    | 9,362  | 8,798 | 7,757 | 7,671 | 7,712 |
| Deductions for offsetting receipts:                                 |          |                |          |        |       |       |       |       |
| Intrafund transactions .....  | 908 BA/O | -5             | -7       | -7     | -7    | -6    | -5    | -5    |
| Total Federal funds .....   | BA       | 5,830          | 9,407    | 11,739 | 9,554 | 9,261 | 9,433 | 9,564 |
|   | O        | 6,455          | 8,499    | 9,355  | 8,791 | 7,751 | 7,666 | 7,707 |

**DEPARTMENT OF LABOR—Continued**  
(In millions of dollars)

| Account                              |          | 2000<br>actual | estimate |        |        |        |        |        |
|--------------------------------------|----------|----------------|----------|--------|--------|--------|--------|--------|
|                                      |          |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Trust funds:                         |          |                |          |        |        |        |        |        |
| (As shown in detail above)           | BA       | 25,306         | 30,220   | 33,177 | 33,970 | 35,869 | 37,615 | 39,500 |
|                                      | O        | 25,300         | 30,191   | 33,174 | 33,950 | 35,851 | 37,595 | 39,479 |
| Deductions for offsetting receipts:  |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public | 908 BA/O | -3             | -4       | -4     | -4     | -4     | -4     | -4     |
| Total Trust funds                    | BA       | 25,303         | 30,216   | 33,173 | 33,966 | 35,865 | 37,611 | 39,496 |
|                                      | O        | 25,297         | 30,187   | 33,170 | 33,946 | 35,847 | 37,591 | 39,475 |
| Interfund transactions               | 603 BA/O | -397           | -466     | -483   | -478   | -478   | -482   | -495   |
| Total Department of Labor            | BA       | 30,736         | 39,157   | 44,429 | 43,042 | 44,648 | 46,562 | 48,565 |
|                                      | O        | 31,355         | 38,220   | 42,042 | 42,259 | 43,120 | 44,775 | 46,687 |

**DEPARTMENT OF STATE**  
(In millions of dollars)

| Account |  | 2000<br>actual | estimate |      |      |      |      |      |
|---------|--|----------------|----------|------|------|------|------|------|
|         |  |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |

**Administration of Foreign Affairs**

*Federal funds*

**General and Special Funds:**

|   |        |       |        |        |        |        |        |        |
|---|--------|-------|--------|--------|--------|--------|--------|--------|
| Diplomatic and consular programs:                             |        |       |        |        |        |        |        |        |
| Appropriation, discretionary                                  | 153 BA | 2,826 | 3,166  | 3,705  | 3,788  | 3,872  | 3,958  | 4,047  |
| Reappropriation, discretionary                                | BA     | 137   |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary | BA     | 1,049 | 1,080  | 1,110  | 1,078  | 1,078  | 1,078  | 1,078  |
| Outlays   | O      | 3,556 | 4,269  | 5,115  | 5,015  | 4,985  | 5,012  | 5,100  |
| Diplomatic and consular programs (gross)                      | BA     | 4,012 | 4,246  | 4,815  | 4,866  | 4,950  | 5,036  | 5,125  |
|   | O      | 3,556 | 4,269  | 5,115  | 5,015  | 4,985  | 5,012  | 5,100  |
| Change in uncollected customer payments from Federal sources  | BA     | -211  |        |        |        |        |        |        |
| Total, offsetting collections (cash)                          |        | -849  | -1,074 | -1,105 | -1,086 | -1,086 | -1,086 | -1,086 |
| Total Diplomatic and consular programs (net)                  | BA     | 2,952 | 3,172  | 3,710  | 3,780  | 3,864  | 3,950  | 4,039  |
|   | O      | 2,707 | 3,195  | 4,010  | 3,929  | 3,899  | 3,926  | 4,014  |
| International information programs:                           |        |       |        |        |        |        |        |        |
| Outlays   | 154 O  | 59    | 26     | 5      |        |        |        |        |
| Arms control and disarmament activities:                      |        |       |        |        |        |        |        |        |
| Outlays   | 153 O  | 8     | 3      |        |        |        |        |        |
| Capital investment fund:                                      |        |       |        |        |        |        |        |        |
| Appropriation, discretionary                                  | 153 BA | 81    | 97     | 210    | 215    | 219    | 224    | 229    |
| Spending authority from offsetting collections, discretionary | BA     | 16    |        |        |        |        |        |        |
| Outlays   | O      | 98    | 128    | 180    | 199    | 216    | 221    | 226    |
| Capital investment fund (gross)                               | BA     | 97    | 97     | 210    | 215    | 219    | 224    | 229    |
|   | O      | 98    | 128    | 180    | 199    | 216    | 221    | 226    |
| Change in uncollected customer payments from Federal sources  | BA     | -16   | 16     |        |        |        |        |        |
| Total, offsetting collections (cash)                          |        |       | -16    |        |        |        |        |        |
| Total Capital investment fund (net)                           | BA     | 81    | 97     | 210    | 215    | 219    | 224    | 229    |
|   | O      | 98    | 112    | 180    | 199    | 216    | 221    | 226    |
| Technology fund:  |        |       |        |        |        |        |        |        |
| Outlays   | 154 O  | 3     |        |        |        |        |        |        |
| Office of the Inspector General:                              |        |       |        |        |        |        |        |        |
| Appropriation, discretionary                                  | 153 BA | 27    | 28     | 29     | 30     | 30     | 31     | 32     |
| Outlays   | O      | 26    | 27     | 28     | 30     | 30     | 31     | 31     |
| Office of the Inspector General (gross)                       | BA     | 27    | 28     | 29     | 30     | 30     | 31     | 32     |
|   | O      | 26    | 27     | 28     | 30     | 30     | 31     | 31     |
| Change in uncollected customer payments from Federal sources  | BA     | 1     |        |        |        |        |        |        |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Adjustment to uncollected customer payments from Federal sources .....                 | BA     | -1             |          |       |       |       |       |       |
| Total Office of the Inspector General (net) .....                                      | BA     | 27             | 28       | 29    | 30    | 30    | 31    | 32    |
|  | O      | 26             | 27       | 28    | 30    | 30    | 31    | 31    |
| Educational and cultural exchange programs:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 154 BA | 306            | 231      | 242   | 247   | 253   | 259   | 264   |
| Spending authority from offsetting collections, discretionary .....                    | BA     | 5              | 3        | 3     | 3     | 3     | 3     | 3     |
| Outlays .....  | O      | 306            | 308      | 277   | 282   | 252   | 258   | 264   |
| Educational and cultural exchange programs (gross) .....                               | BA     | 311            | 234      | 245   | 250   | 256   | 262   | 267   |
|  | O      | 306            | 308      | 277   | 282   | 252   | 258   | 264   |
| Change in uncollected customer payments from Federal sources .....                     | BA     | -4             |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....   |        | -3             | -3       | -3    | -3    | -3    | -3    | -3    |
| Total Educational and cultural exchange programs (net) .....                           | BA     | 304            | 231      | 242   | 247   | 253   | 259   | 264   |
|  | O      | 303            | 305      | 274   | 279   | 249   | 255   | 261   |
| Embassy security, construction, and maintenance:                                       |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 727            | 1,078    | 1,291 | 1,320 | 1,349 | 1,379 | 1,410 |
| Spending authority from offsetting collections, discretionary .....                    | BA     | 186            | 136      | 139   | 141   | 143   | 145   | 147   |
| Outlays .....  | O      | 693            | 798      | 973   | 1,134 | 1,312 | 1,428 | 1,487 |
| Embassy security, construction, and maintenance (gross) .....                          | BA     | 913            | 1,214    | 1,430 | 1,461 | 1,492 | 1,524 | 1,557 |
|  | O      | 693            | 798      | 973   | 1,134 | 1,312 | 1,428 | 1,487 |
| Change in uncollected customer payments from Federal sources .....                     | BA     | 5              |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....   |        | -191           | -136     | -139  | -141  | -143  | -145  | -147  |
| Total Embassy security, construction, and maintenance (net) .....                      | BA     | 727            | 1,078    | 1,291 | 1,320 | 1,349 | 1,379 | 1,410 |
|  | O      | 502            | 662      | 834   | 993   | 1,169 | 1,283 | 1,340 |
| Security and maintenance of United States missions (special foreign currency program): |        |                |          |       |       |       |       |       |
| Outlays .....  | 153 O  |                | 1        | 1     |       |       |       |       |
| Representation allowances:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 6              | 6        | 9     | 9     | 9     | 10    | 10    |
| Outlays .....  | O      | 5              | 6        | 9     | 9     | 9     | 10    | 10    |
| Protection of foreign missions and officials:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 8              | 15       | 10    | 10    | 10    | 11    | 11    |
| Outlays .....  | O      | 4              | 10       | 12    | 9     | 9     | 9     | 9     |
| Emergencies in the diplomatic and consular service:                                    |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 5              | 5        | 16    | 16    | 17    | 17    | 17    |
| Spending authority from offsetting collections, discretionary .....                    | BA     | 2              |          |       |       |       |       |       |
| Outlays .....  | O      | 9              | 12       | 16    | 16    | 17    | 17    | 17    |
| Emergencies in the diplomatic and consular service (gross) .....                       | BA     | 7              | 5        | 16    | 16    | 17    | 17    | 17    |
|  | O      | 9              | 12       | 16    | 16    | 17    | 17    | 17    |
| Change in uncollected customer payments from Federal sources .....                     | BA     | -2             | 2        |       |       |       |       |       |
| Total, offsetting collections (cash) .....   |        |                | -2       |       |       |       |       |       |
| Total Emergencies in the diplomatic and consular service (net) .....                   | BA     | 5              | 5        | 16    | 16    | 17    | 17    | 17    |
|  | O      | 9              | 10       | 16    | 16    | 17    | 17    | 17    |
| Buying power maintenance:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 1              |          |       |       |       |       |       |
| Payment to the American Institute in Taiwan:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 153 BA | 15             | 16       | 17    | 17    | 18    | 18    | 19    |
| Outlays .....  | O      | 26             | 15       | 17    | 17    | 17    | 18    | 18    |
| Payment to Foreign Service retirement and disability fund:                             |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 153 BA | 162            | 166      | 172   | 176   | 180   | 183   | 188   |
| Outlays .....  | O      | 162            | 166      | 172   | 176   | 180   | 183   | 188   |
| <b>Intragovernmental Funds:</b>  |        |                |          |       |       |       |       |       |
| Working capital fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....                        | 153 BA | 933            | 1,038    | 1,079 | 1,095 | 1,095 | 1,095 | 1,095 |
| Outlays .....  | O      | 896            | 1,039    | 1,079 | 1,094 | 1,096 | 1,096 | 1,096 |
| Working capital fund (gross) .....   | BA     | 933            | 1,038    | 1,079 | 1,095 | 1,095 | 1,095 | 1,095 |
|  | O      | 896            | 1,039    | 1,079 | 1,094 | 1,096 | 1,096 | 1,096 |
| Change in uncollected customer payments from Federal sources .....                     | BA     | 20             |          |       |       |       |       |       |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Total, offsetting collections (cash) .....                         |        | -953           | -1,038   | -1,079 | -1,095 | -1,095 | -1,095 | -1,095 |
| Total Working capital fund (net) .....                             | BA     |                |          |        |        |        |        |        |
|  | O      | -57            | 1        |        | -1     | 1      | 1      | 1      |
| <b>Credit Accounts:</b>  |        |                |          |        |        |        |        |        |
| Repatriation loans program account:                                |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....                                 | 153 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....  | O      | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| <i>Trust funds</i>   |        |                |          |        |        |        |        |        |
| Foreign Service retirement and disability fund:                    |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                     | 602 BA | 559            | 587      | 611    | 636    | 662    | 689    | 717    |
| Outlays .....  | O      | 559            | 587      | 611    | 636    | 662    | 689    | 717    |
| Foreign Service national separation liability trust fund:          |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                     | 602 BA | 8              | 8        | 8      | 8      | 8      | 8      | 8      |
| Outlays .....  | O      | 8              | 8        | 8      | 8      | 8      | 8      | 8      |
| USIA Foreign Service national separation liability trust fund:     |        |                |          |        |        |        |        |        |
| Outlays .....  | 602 O  | 1              |          |        |        |        |        |        |
| Miscellaneous trust funds:   |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....                                     | 153 BA | 3              | 9        | 7      | 5      | 5      | 5      | 5      |
| Outlays .....  | O      | 2              | 10       | 9      | 8      | 6      | 6      | 6      |
| Miscellaneous trust funds (gross) .....                            | BA     | 3              | 9        | 7      | 5      | 5      | 5      | 5      |
|  | O      | 2              | 10       | 9      | 8      | 6      | 6      | 6      |
| Change in uncollected customer payments from Federal sources ..... | BA     | 2              |          |        |        |        |        |        |
| Total, offsetting collections (cash) .....                         |        | -2             |          |        |        |        |        |        |
| Total Miscellaneous trust funds (net) .....                        | BA     | 3              | 9        | 7      | 5      | 5      | 5      | 5      |
|  | O      |                | 10       | 9      | 8      | 6      | 6      | 6      |
| Total Federal funds Administration of Foreign Affairs .....        | BA     | 4,289          | 4,815    | 5,707  | 5,821  | 5,950  | 6,083  | 6,220  |
|  | O      | 3,856          | 4,540    | 5,559  | 5,657  | 5,797  | 5,955  | 6,116  |
| Total Trust funds Administration of Foreign Affairs .....          | BA     | 570            | 604      | 626    | 649    | 675    | 702    | 730    |
|  | O      | 568            | 605      | 628    | 652    | 676    | 703    | 731    |

**International Organizations and Conferences**

*Federal funds*

**General and Special Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Contributions to international organizations:                         |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 153 BA | 881   | 869   | 879   | 899   | 919   | 939   | 960   |
| Outlays .....   | O      | 986   | 882   | 891   | 911   | 918   | 938   | 960   |
| Contributions for international peacekeeping activities:              |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 153 BA | 498   | 844   | 844   | 863   | 882   | 902   | 922   |
| Outlays .....   | O      | 334   | 1,136 | 867   | 863   | 881   | 902   | 921   |
| Arrearage payments:   |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 153 BA | 351   |       |       |       |       |       |       |
| Outlays .....   | O      |       |       | 244   |       |       |       |       |
|   |        |       | 582   |       |       |       |       |       |
| Total Arrearage payments .....  | BA     | 351   |       |       |       |       |       |       |
|   | O      |       | 582   | 244   |       |       |       |       |
| Total Federal funds International Organizations and Conferences ..... | BA     | 1,730 | 1,713 | 1,723 | 1,762 | 1,801 | 1,841 | 1,882 |
|   | O      | 1,320 | 2,600 | 2,002 | 1,774 | 1,799 | 1,840 | 1,881 |

**International Commissions**

**International Boundary and Water Commission, United States and Mexico:**

*Federal funds*

**General and Special Funds:**

|   |        |    |   |   |   |   |   |   |
|---|--------|----|---|---|---|---|---|---|
| Salaries and expenses, IBWC:  |        |    |   |   |   |   |   |   |
| Appropriation, discretionary .....                                  | 301 BA | 19 | 7 | 7 | 7 | 7 | 7 | 8 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  |   |   |   |   |   |   |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O      | 22             | 9          | 10         | 8          | 7          | 7          | 7          |
| Salaries and expenses, IBWC (gross) .....  | BA     | <b>23</b>      | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
|  | O      | 22             | 9          | 10         | 8          | 7          | 7          | 7          |
| Total, offsetting collections (cash) .....   |        | -4             |            |            |            |            |            |            |
| Total Salaries and expenses, IBWC (net) .....  | BA     | <b>19</b>      | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
|  | O      | 18             | 9          | 10         | 8          | 7          | 7          | 7          |
| <b>Construction, IBWC:</b>   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 301 BA | <b>6</b>       | <b>23</b>  | <b>26</b>  | <b>27</b>  | <b>27</b>  | <b>28</b>  | <b>28</b>  |
| Spending authority from offsetting collections, discretionary .....                              | BA     | <b>9</b>       | <b>20</b>  | <b>10</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>15</b>  |
| Outlays .....  | O      | 11             | 40         | 41         | 40         | 41         | 43         | 43         |
| Construction, IBWC (gross) .....   | BA     | <b>15</b>      | <b>43</b>  | <b>36</b>  | <b>42</b>  | <b>42</b>  | <b>43</b>  | <b>43</b>  |
|  | O      | 11             | 40         | 41         | 40         | 41         | 43         | 43         |
| Total, offsetting collections (cash) .....   |        | -9             | -20        | -10        | -15        | -15        | -15        | -15        |
| Total Construction, IBWC (net) .....   | BA     | <b>6</b>       | <b>23</b>  | <b>26</b>  | <b>27</b>  | <b>27</b>  | <b>28</b>  | <b>28</b>  |
|  | O      | 2              | 20         | 31         | 25         | 26         | 28         | 28         |
| Total Federal funds International Boundary and Water Commission, United States and Mexico: ..... | BA     | <b>25</b>      | <b>30</b>  | <b>33</b>  | <b>34</b>  | <b>34</b>  | <b>35</b>  | <b>36</b>  |
|  | O      | 20             | 29         | 41         | 33         | 33         | 35         | 35         |
| <i>Federal funds</i>   |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>  |        |                |            |            |            |            |            |            |
| American sections, international commissions:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 301 BA | <b>8</b>       | <b>7</b>   | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>11</b>  | <b>11</b>  |
| Outlays .....  | O      | 6              | 7          | 9          | 10         | 10         | 10         | 11         |
| International fisheries commissions:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 302 BA | <b>15</b>      | <b>19</b>  | <b>20</b>  | <b>20</b>  | <b>21</b>  | <b>21</b>  | <b>22</b>  |
| Outlays .....  | O      | 16             | 19         | 20         | 20         | 21         | 21         | 22         |
| Total Federal funds International Commissions .....  | BA     | <b>48</b>      | <b>56</b>  | <b>63</b>  | <b>64</b>  | <b>65</b>  | <b>67</b>  | <b>69</b>  |
|  | O      | 42             | 55         | 70         | 63         | 64         | 66         | 68         |
| <b>Other</b>   |        |                |            |            |            |            |            |            |
| <i>Federal funds</i>   |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>  |        |                |            |            |            |            |            |            |
| Migration and refugee assistance:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>623</b>     | <b>698</b> | <b>715</b> | <b>731</b> | <b>747</b> | <b>764</b> | <b>781</b> |
| Spending authority from offsetting collections, discretionary .....                              | BA     | <b>3</b>       | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   | <b>2</b>   |
| Outlays .....  | O      | 793            | 738        | 740        | 732        | 744        | 761        | 778        |
| Migration and refugee assistance (gross) .....   | BA     | <b>626</b>     | <b>700</b> | <b>717</b> | <b>733</b> | <b>749</b> | <b>766</b> | <b>783</b> |
|  | O      | 793            | 738        | 740        | 732        | 744        | 761        | 778        |
| Change in uncollected customer payments from Federal sources .....                               | BA     | <b>-3</b>      | <b>3</b>   |            |            |            |            |            |
| Total, offsetting collections (cash) .....   |        |                | -5         | -2         | -2         | -2         | -2         | -2         |
| Total Migration and refugee assistance (net) .....   | BA     | <b>623</b>     | <b>698</b> | <b>715</b> | <b>731</b> | <b>747</b> | <b>764</b> | <b>781</b> |
|  | O      | 793            | 733        | 738        | 730        | 742        | 759        | 776        |
| United States emergency refugee and migration assistance fund:                                   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>12</b>      | <b>15</b>  | <b>15</b>  | <b>15</b>  | <b>16</b>  | <b>16</b>  | <b>16</b>  |
| Outlays .....  | O      | 71             | 58         | 57         | 54         | 31         | 16         | 16         |
| International narcotics control and law enforcement:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>354</b>     | <b>324</b> | <b>217</b> | <b>222</b> | <b>227</b> | <b>232</b> | <b>237</b> |
| Spending authority from offsetting collections, discretionary .....                              | BA     | <b>13</b>      |            | <b>12</b>  |            |            |            |            |
| Outlays .....  | O      | 375            | 422        | 348        | 295        | 234        | 226        | 232        |
| International narcotics control and law enforcement (gross) .....                                | BA     | <b>367</b>     | <b>324</b> | <b>229</b> | <b>222</b> | <b>227</b> | <b>232</b> | <b>237</b> |
|  | O      | 375            | 422        | 348        | 295        | 234        | 226        | 232        |
| Change in uncollected customer payments from Federal sources .....                               | BA     | <b>-13</b>     |            |            |            |            |            |            |

**DEPARTMENT OF STATE—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash) .....                            |        |                |          | -12  |      |      |      |      |
| Total International narcotics control and law enforcement (net) ..... | BA     | 354            | 324      | 217  | 222  | 227  | 232  | 237  |
|   | O      | 375            | 422      | 336  | 295  | 234  | 226  | 232  |
| Andean counterdrug initiative:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 151 BA | 825            |          | 731  | 747  | 764  | 781  | 798  |
| Outlays .....   | O      |                | 441      | 475  | 632  | 725  | 763  | 780  |
| Payment to the Asia Foundation:                                       |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 8              | 9        | 9    | 9    | 9    | 10   | 10   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 1              |          |      |      |      |      |      |
| Outlays .....   | O      | 9              | 13       | 9    | 9    | 9    | 9    | 9    |
| Payment to the Asia Foundation (gross) .....                          | BA     | 9              | 9        | 9    | 9    | 9    | 10   | 10   |
|   | O      | 9              | 13       | 9    | 9    | 9    | 9    | 9    |
| Change in uncollected customer payments from Federal sources .....    | BA     | -1             | 1        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                            |        |                | -1       |      |      |      |      |      |
| Total Payment to the Asia Foundation (net) .....                      | BA     | 8              | 9        | 9    | 9    | 9    | 10   | 10   |
|   | O      | 9              | 12       | 9    | 9    | 9    | 9    | 9    |
| National Endowment for Democracy:                                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 34             | 31       | 31   | 32   | 32   | 33   | 34   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 7              |          |      |      |      |      |      |
| Outlays .....   | O      | 33             | 45       | 35   | 32   | 32   | 32   | 34   |
| National Endowment for Democracy (gross) .....                        | BA     | 41             | 31       | 31   | 32   | 32   | 33   | 34   |
|   | O      | 33             | 45       | 35   | 32   | 32   | 32   | 34   |
| Change in uncollected customer payments from Federal sources .....    | BA     | -7             | 7        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                            |        |                | -7       |      |      |      |      |      |
| Total National Endowment for Democracy (net) .....                    | BA     | 34             | 31       | 31   | 32   | 32   | 33   | 34   |
|   | O      | 33             | 38       | 35   | 32   | 32   | 32   | 34   |
| East-West Center:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 12             | 14       | 14   | 14   | 15   | 15   | 15   |
| Spending authority from offsetting collections, discretionary .....   | BA     | 2              |          |      |      |      |      |      |
| Outlays .....   | O      | 14             | 16       | 14   | 14   | 14   | 15   | 15   |
| East-West Center (gross) .....  | BA     | 14             | 14       | 14   | 14   | 15   | 15   | 15   |
|   | O      | 14             | 16       | 14   | 14   | 14   | 15   | 15   |
| Change in uncollected customer payments from Federal sources .....    | BA     | -2             | 2        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                            |        |                | -2       |      |      |      |      |      |
| Total East-West Center (net) .....                                    | BA     | 12             | 14       | 14   | 14   | 15   | 15   | 15   |
|   | O      | 14             | 14       | 14   | 14   | 14   | 15   | 15   |
| North-South Center:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                    | 154 BA | 2              |          |      |      |      |      |      |
| Outlays .....   | O      | 1              | 1        | 1    |      |      |      |      |
| International litigation fund:  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....  | 153 BA |                | 1        | 1    | 1    | 1    | 1    | 1    |
| Spending authority from offsetting collections, mandatory .....       | BA     | 4              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays .....   | O      | 1              | 6        | 4    | 4    | 4    | 4    | 4    |
| International litigation fund (gross) .....                           | BA     | 4              | 4        | 4    | 4    | 4    | 4    | 4    |
|   | O      | 1              | 6        | 4    | 4    | 4    | 4    | 4    |
| Change in uncollected customer payments from Federal sources .....    | BA     | -1             | 1        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                            |        | -3             | -4       | -3   | -3   | -3   | -3   | -3   |
| Total International litigation fund (net) .....                       | BA     |                | 1        | 1    | 1    | 1    | 1    | 1    |
|   | O      | -2             | 2        | 1    | 1    | 1    | 1    | 1    |
| International Center, Washington, D.C.:                               |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....       | 153 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 2              | 2        | 2    | 1    | 1    | 1    | 1    |
| International Center, Washington, D.C. (gross) .....                  | BA     | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
|   | O      | 2              | 2        | 2    | 1    | 1    | 1    | 1    |



**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays  | O      | 2              | 3        | 4    | 3    | 3    | 3    | 3    |
| Rental payments:   |        |                |          |      |      |      |      |      |
| Outlays  | 407 O  |                | 1        |      |      |      |      |      |
| Transportation planning, research, and development:                  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 407 BA | 5              | 11       | 5    | 5    | 5    | 5    | 5    |
| Spending authority from offsetting collections, discretionary        | BA     | 1              | 3        | 3    |      |      |      |      |
| Outlays  | O      | 8              | 10       | 9    | 6    | 5    | 5    | 5    |
| Transportation planning, research, and development (gross)           | BA     | 6              | 14       | 8    | 5    | 5    | 5    | 5    |
|  | O      | 8              | 10       | 9    | 6    | 5    | 5    | 5    |
| Change in uncollected customer payments from Federal sources         | BA     | -1             |          |      |      |      |      |      |
| Total, offsetting collections (cash)                                 |        |                | -3       | -3   |      |      |      |      |
| Total Transportation planning, research, and development (net)       | BA     | 5              | 11       | 5    | 5    | 5    | 5    | 5    |
|  | O      | 8              | 7        | 6    | 6    | 5    | 5    | 5    |
| Essential air service and rural airport improvement fund:            |        |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 402 BA |                | 50       | 40   | 40   | 40   | 40   | 40   |
| Spending authority from offsetting collections, discretionary        | BA     | 50             |          | 10   | 10   | 10   | 10   | 10   |
| Outlays  | O      | 45             | 50       | 50   | 50   | 50   | 50   | 50   |
| Essential air service and rural airport improvement fund (gross)     | BA     | 50             | 50       | 50   | 50   | 50   | 50   | 50   |
|  | O      | 45             | 50       | 50   | 50   | 50   | 50   | 50   |
| Total, offsetting collections (cash)                                 |        |                | -50      | -10  | -10  | -10  | -10  | -10  |
| Total Essential air service and rural airport improvement fund (net) | BA     |                | 50       | 40   | 40   | 40   | 40   | 40   |
|  | O      |                | -5       | 50   | 40   | 40   | 40   | 40   |
| <b>Intragovernmental Funds:</b>                                      |        |                |          |      |      |      |      |      |
| Transportation Administrative Service Center:                        |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory            | 407 BA | 198            | 474      | 472  | 472  | 472  | 472  | 472  |
| Outlays  | O      | 168            | 474      | 472  | 472  | 472  | 472  | 472  |
| Transportation Administrative Service Center (gross)                 | BA     | 198            | 474      | 472  | 472  | 472  | 472  | 472  |
|  | O      | 168            | 474      | 472  | 472  | 472  | 472  | 472  |
| Change in uncollected customer payments from Federal sources         | BA     | -37            |          |      |      |      |      |      |
| Total, offsetting collections (cash)                                 |        |                | -161     | -474 | -472 | -472 | -472 | -472 |
| Total Transportation Administrative Service Center (net)             | BA     |                | 7        |      |      |      |      |      |
|  | O      |                |          |      |      |      |      |      |
| <b>Credit Accounts:</b>  |        |                |          |      |      |      |      |      |
| Minority business resource center program:                           |        |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 407 BA | 2              | 2        | 1    | 1    | 1    | 1    | 1    |
| Outlays  | O      |                | 2        | 1    | 1    | 1    | 1    | 1    |
| Limitation on direct loan activity                                   |        | (14)           |          |      |      |      |      |      |
| Limitation on loan guarantee commitments                             |        |                | (14)     | (18) | (18) | (19) | (19) | (20) |
| Total Federal funds Office of the Secretary                          | BA     | 75             | 137      | 128  | 130  | 131  | 134  | 135  |
|  | O      | 84             | 141      | 129  | 130  | 131  | 133  | 135  |

**Coast Guard**  
*Federal funds*

**General and Special Funds:**

|  |        |       |       |       |       |       |       |       |
|--|--------|-------|-------|-------|-------|-------|-------|-------|
| Operating expenses   |        |       |       |       |       |       |       |       |
| (Defense-related activities):                                      |        |       |       |       |       |       |       |       |
| (Appropriation, discretionary)                                     | 054 BA | 300   | 340   | 340   | 348   | 355   | 363   | 371   |
| (Outlays)  | O      | 300   | 340   | 340   | 346   | 353   | 361   | 369   |
| (Water transportation):  |        |       |       |       |       |       |       |       |
| (Appropriation, discretionary)                                     | 403 BA | 2,527 | 2,820 | 3,018 | 3,085 | 3,154 | 3,224 | 3,296 |
| (Spending authority from offsetting collections, discretionary)    | BA     | 112   | 129   | 130   | 132   | 132   | 132   | 132   |
| (Outlays)  | O      | 2,814 | 2,705 | 3,030 | 3,188 | 3,267 | 3,337 | 3,408 |
| Operating expenses (gross)   | BA     | 2,939 | 3,289 | 3,488 | 3,565 | 3,641 | 3,719 | 3,799 |
|  | O      | 3,114 | 3,045 | 3,370 | 3,534 | 3,620 | 3,698 | 3,777 |
| (Change in uncollected customer payments from Federal sources)     | BA     | 108   |       |       |       |       |       |       |
| (Adjustment to uncollected customer payments from Federal sources) | BA     | -117  |       |       |       |       |       |       |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              | 2006         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         |              |
| Total, offsetting collections (cash)                          |        | -103           | -129         | -130         | -132         | -132         | -132         | -132         |
| Total (Water transportation) (net)                            | BA     | <b>2,527</b>   | <b>2,820</b> | <b>3,018</b> | <b>3,085</b> | <b>3,154</b> | <b>3,224</b> | <b>3,296</b> |
|   | O      | 2,711          | 2,576        | 2,900        | 3,056        | 3,135        | 3,205        | 3,276        |
| Total Operating expenses                                      | BA     | <b>2,827</b>   | <b>3,160</b> | <b>3,358</b> | <b>3,433</b> | <b>3,509</b> | <b>3,587</b> | <b>3,667</b> |
|   | O      | 3,011          | 2,916        | 3,240        | 3,402        | 3,488        | 3,566        | 3,645        |
| <b>Acquisition, construction, and improvements:</b>           |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 403 BA | <b>980</b>     | <b>394</b>   | <b>639</b>   | <b>653</b>   | <b>668</b>   | <b>683</b>   | <b>698</b>   |
| Spending authority from offsetting collections, discretionary | BA     | <b>31</b>      | <b>48</b>    | <b>48</b>    | <b>48</b>    | <b>48</b>    | <b>48</b>    | <b>48</b>    |
| Outlays   | O      | 496            | 708          | 650          | 561          | 634          | 681          | 713          |
| Acquisition, construction, and improvements (gross)           | BA     | <b>1,011</b>   | <b>442</b>   | <b>687</b>   | <b>701</b>   | <b>716</b>   | <b>731</b>   | <b>746</b>   |
|   | O      | 496            | 708          | 650          | 561          | 634          | 681          | 713          |
| Change in uncollected customer payments from Federal sources  | BA     | <b>1</b>       |              |              |              |              |              |              |
| Total, offsetting collections (cash)                          |        | -32            | -48          | -48          | -48          | -48          | -48          | -48          |
| Total Acquisition, construction, and improvements (net)       | BA     | <b>980</b>     | <b>394</b>   | <b>639</b>   | <b>653</b>   | <b>668</b>   | <b>683</b>   | <b>698</b>   |
|   | O      | 464            | 660          | 602          | 513          | 586          | 633          | 665          |
| <b>Environmental compliance and restoration:</b>              |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 304 BA | <b>17</b>      | <b>17</b>    | <b>17</b>    | <b>17</b>    | <b>18</b>    | <b>18</b>    | <b>19</b>    |
| Outlays   | O      | 17             | 13           | 11           | 15           | 17           | 17           | 19           |
| <b>Alteration of bridges:</b>                                 |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 403 BA | <b>15</b>      | <b>15</b>    | <b>15</b>    | <b>15</b>    | <b>16</b>    | <b>16</b>    | <b>16</b>    |
| Outlays   | O      | 5              | 49           | 31           | 13           | 16           | 16           | 16           |
| <b>Retired pay:</b>   |        |                |              |              |              |              |              |              |
| Appropriation, mandatory                                      | 403 BA | <b>730</b>     | <b>778</b>   | <b>876</b>   | <b>955</b>   | <b>990</b>   | <b>1,029</b> | <b>1,069</b> |
| Outlays   | O      | 713            | 760          | 861          | 943          | 985          | 1,024        | 1,063        |
| <b>Reserve training:</b>                                      |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 403 BA | <b>72</b>      | <b>80</b>    | <b>83</b>    | <b>85</b>    | <b>87</b>    | <b>89</b>    | <b>91</b>    |
| Outlays   | O      | 71             | 78           | 82           | 85           | 86           | 88           | 91           |
| <b>Research, development, test, and evaluation:</b>           |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 403 BA | <b>15</b>      | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>19</b>    | <b>19</b>    | <b>20</b>    |
| Spending authority from offsetting collections, discretionary | BA     | <b>4</b>       | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     |
| Outlays   | O      | 21             | 23           | 25           | 22           | 23           | 23           | 23           |
| Research, development, test, and evaluation (gross)           | BA     | <b>19</b>      | <b>22</b>    | <b>22</b>    | <b>22</b>    | <b>23</b>    | <b>23</b>    | <b>24</b>    |
|   | O      | 21             | 23           | 25           | 22           | 23           | 23           | 23           |
| Change in uncollected customer payments from Federal sources  | BA     | <b>1</b>       |              |              |              |              |              |              |
| Total, offsetting collections (cash)                          |        | -5             | -4           | -4           | -4           | -4           | -4           | -4           |
| Total Research, development, test, and evaluation (net)       | BA     | <b>15</b>      | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>19</b>    | <b>19</b>    | <b>20</b>    |
|   | O      | 16             | 19           | 21           | 18           | 19           | 19           | 19           |
| <b>Intragovernmental Funds:</b>                               |        |                |              |              |              |              |              |              |
| <b>Coast Guard supply fund:</b>                               |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary | 403 BA | <b>65</b>      | <b>62</b>    | <b>64</b>    | <b>63</b>    | <b>63</b>    | <b>63</b>    | <b>63</b>    |
| Outlays   | O      | 65             | 62           | 64           | 63           | 63           | 63           | 63           |
| Coast Guard supply fund (gross)                               | BA     | <b>65</b>      | <b>62</b>    | <b>64</b>    | <b>63</b>    | <b>63</b>    | <b>63</b>    | <b>63</b>    |
|   | O      | 65             | 62           | 64           | 63           | 63           | 63           | 63           |
| Total, offsetting collections (cash)                          |        | -65            | -62          | -64          | -63          | -63          | -63          | -63          |
| Total Coast Guard supply fund (net)                           | BA     |                |              |              |              |              |              |              |
|   | O      |                |              |              |              |              |              |              |
| <b>Coast Guard yard fund:</b>                                 |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary | 403 BA | <b>76</b>      | <b>66</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    |
| Outlays   | O      | 70             | 66           | 74           | 74           | 74           | 74           | 74           |
| Coast Guard yard fund (gross)                                 | BA     | <b>76</b>      | <b>66</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    | <b>74</b>    |
|   | O      | 70             | 66           | 74           | 74           | 74           | 74           | 74           |
| Total, offsetting collections (cash)                          |        | -76            | -66          | -74          | -74          | -74          | -74          | -74          |
| Total Coast Guard yard fund (net)                             | BA     |                |              |              |              |              |              |              |
|   | O      | -6             |              |              |              |              |              |              |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |    |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|----|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |    |
| <i>Trust funds</i>  |        |                |          |       |       |       |       |       |    |
| <b>Boat safety:</b>                                       |        |                |          |       |       |       |       |       |    |
| Appropriation, mandatory                                  | 403 BA | 64             | 64       | 64    | 64    | 64    | 64    | 64    | 64 |
| Outlays   | O      | 54             | 61       | 64    | 64    | 64    | 64    | 64    | 64 |
| <b>Oil spill recovery:</b>                                |        |                |          |       |       |       |       |       |    |
| Appropriation, mandatory                                  | 304 BA | 62             | 61       | 61    | 61    | 61    | 61    | 61    | 61 |
| Outlays   | O      | 68             | 61       | 61    | 61    | 61    | 61    | 61    | 61 |
| <b>Trust fund share of expenses:</b>                      |        |                |          |       |       |       |       |       |    |
| Appropriation, discretionary                              | 304 BA | 49             | 48       | 48    | 49    | 50    | 51    | 52    | 52 |
| Outlays   | O      | 49             | 48       | 48    | 49    | 50    | 51    | 52    | 52 |
| <b>Miscellaneous trust revolving funds:</b>               |        |                |          |       |       |       |       |       |    |
| Spending authority from offsetting collections, mandatory | 403 BA | 8              | 8        | 8     | 8     | 8     | 8     | 8     | 8  |
| Outlays   | O      | 8              | 8        | 8     | 8     | 8     | 8     | 8     | 8  |
| Miscellaneous trust revolving funds (gross)               | BA     | 8              | 8        | 8     | 8     | 8     | 8     | 8     | 8  |
|   | O      | 8              | 8        | 8     | 8     | 8     | 8     | 8     | 8  |
| Total, offsetting collections (cash)                      |        | -8             | -8       | -8    | -8    | -8    | -8    | -8    | -8 |
| Total Miscellaneous trust revolving funds (net)           | BA     |                |          |       |       |       |       |       |    |
|   | O      |                |          |       |       |       |       |       |    |
| Total Federal funds Coast Guard                           | BA     | 4,656          | 4,462    | 5,006 | 5,176 | 5,307 | 5,441 | 5,580 |    |
|   | O      | 4,291          | 4,495    | 4,848 | 4,989 | 5,197 | 5,363 | 5,518 |    |
| Total Trust funds Coast Guard                             | BA     | 175            | 173      | 173   | 174   | 175   | 176   | 177   |    |
|   | O      | 171            | 170      | 173   | 174   | 175   | 176   | 177   |    |

**Federal Aviation Administration**

*Federal funds*

**General and Special Funds:**

Operations:

|   |        |        |        |        |        |        |        |       |
|---|--------|--------|--------|--------|--------|--------|--------|-------|
| Appropriation, discretionary                                  | 402 BA | -11    | 2,124  | 1,128  | 1,441  | 1,473  | 1,506  | 1,540 |
| Appropriation, mandatory                                      | BA     | -14    |        |        |        |        |        |       |
| Spending authority from offsetting collections, discretionary | BA     | 4,511  | 5,866  | 6,021  | 6,190  | 6,359  | 6,543  |       |
| Outlays   | O      | 524    | 5,946  | 6,950  | 7,405  | 7,639  | 7,841  | 8,056 |
| Operations (gross)  | BA     | -11    | 6,621  | 6,994  | 7,462  | 7,663  | 7,865  | 8,083 |
|   | O      | 524    | 5,946  | 6,950  | 7,405  | 7,639  | 7,841  | 8,056 |
| Total, offsetting collections (cash)                          |        | -4,511 | -5,866 | -6,021 | -6,190 | -6,359 | -6,543 |       |
| Total Operations (net)  | BA     | -11    | 2,110  | 1,128  | 1,441  | 1,473  | 1,506  | 1,540 |
|   | O      | 524    | 1,435  | 1,084  | 1,384  | 1,449  | 1,482  | 1,513 |

**Public Enterprise Funds:**

Aviation insurance revolving fund:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, discretionary | 402 BA | 4  | 4  | 4  | 4  | 4  | 4  | 4  |
| Aviation insurance revolving fund (gross)                     | BA     | 4  | 4  | 4  | 4  | 4  | 4  | 4  |
| Total, offsetting collections (cash)                          |        | -4 | -4 | -4 | -4 | -4 | -4 | -4 |
| Total Aviation insurance revolving fund (net)                 | BA     |    |    |    |    |    |    |    |
|   | O      | -4 | -4 | -4 | -4 | -4 | -4 | -4 |

**Intragovernmental Funds:**

Administrative services franchise fund:

|   |        |     |      |      |      |      |      |      |
|---|--------|-----|------|------|------|------|------|------|
| Spending authority from offsetting collections, discretionary | 402 BA | 31  | 226  | 256  | 256  | 256  | 256  | 256  |
| Outlays   | O      | 30  | 231  | 254  | 255  | 256  | 256  | 256  |
| Administrative services franchise fund (gross)                | BA     | 31  | 226  | 256  | 256  | 256  | 256  | 256  |
|   | O      | 30  | 231  | 254  | 255  | 256  | 256  | 256  |
| Total, offsetting collections (cash)                          |        | -31 | -226 | -256 | -256 | -256 | -256 | -256 |
| Total Administrative services franchise fund (net)            | BA     |     |      |      |      |      |      |      |
|   | O      | -1  | 5    | -2   | -1   |      |      |      |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |         |         |         |         | 2006    |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2001     | 2002    | 2003    | 2004    | 2005    |         |
| <i>Trust funds</i>  |        |                |          |         |         |         |         |         |
| Grants-in-aid for airports (Airport and airway trust fund):                       |        |                |          |         |         |         |         |         |
| Appropriation, discretionary  | 402 BA |                | 2        |         |         |         |         |         |
| Contract authority, discretionary   | BA     |                |          | -331    |         |         |         |         |
| Contract authority, mandatory   | BA     | 2,799          | 2,621    | 3,300   | 3,400   | 3,488   | 3,579   | 3,672   |
| Outlays   | O      | 1,578          | 2,172    | 2,765   | 3,103   | 3,312   | 3,448   | 3,577   |
| Limitation on program level (obligations)   |        | (1,896)        | (3,193)  | (3,300) | (3,401) | (3,477) | (3,555) | (3,634) |
| Total Grants-in-aid for airports (Airport and airway trust fund)                  | BA     | 2,799          | 2,623    | 2,969   | 3,400   | 3,488   | 3,579   | 3,672   |
|   | O      | 1,578          | 2,172    | 2,765   | 3,103   | 3,312   | 3,448   | 3,577   |
| Facilities and equipment (Airport and airway trust fund):                         |        |                |          |         |         |         |         |         |
| Appropriation, discretionary  | 402 BA | 2,034          | 2,651    | 2,914   | 2,981   | 3,047   | 3,115   | 3,185   |
| Spending authority from offsetting collections, discretionary                     | BA     | 64             | 80       | 80      | 75      | 75      | 75      | 75      |
| Outlays   | O      | 2,141          | 2,146    | 2,456   | 2,680   | 2,866   | 3,109   | 3,177   |
| Facilities and equipment (Airport and airway trust fund) (gross)                  | BA     | 2,098          | 2,731    | 2,994   | 3,056   | 3,122   | 3,190   | 3,260   |
|   | O      | 2,141          | 2,146    | 2,456   | 2,680   | 2,866   | 3,109   | 3,177   |
| Total, offsetting collections (cash)  |        | -64            | -80      | -80     | -75     | -75     | -75     | -75     |
| Total Facilities and equipment (Airport and airway trust fund) (net)              | BA     | 2,034          | 2,651    | 2,914   | 2,981   | 3,047   | 3,115   | 3,185   |
|   | O      | 2,077          | 2,066    | 2,376   | 2,605   | 2,791   | 3,034   | 3,102   |
| Research, engineering and development (Airport and airway trust fund):            |        |                |          |         |         |         |         |         |
| Appropriation, discretionary  | 402 BA | 156            | 187      | 188     | 192     | 196     | 201     | 205     |
| Spending authority from offsetting collections, discretionary                     | BA     | 3              | 16       | 16      | 16      | 16      | 16      | 16      |
| Outlays   | O      | 169            | 216      | 227     | 232     | 210     | 214     | 219     |
| Research, engineering and development (Airport and airway trust fund) (gross)     | BA     | 159            | 203      | 204     | 208     | 212     | 217     | 221     |
|   | O      | 169            | 216      | 227     | 232     | 210     | 214     | 219     |
| Total, offsetting collections (cash)  |        | -3             | -16      | -16     | -16     | -16     | -16     | -16     |
| Total Research, engineering and development (Airport and airway trust fund) (net) | BA     | 156            | 187      | 188     | 192     | 196     | 201     | 205     |
|   | O      | 166            | 200      | 211     | 216     | 194     | 198     | 203     |
| Trust fund share of FAA operations:   |        |                |          |         |         |         |         |         |
| Appropriation, discretionary  | 402 BA | 5,968          | 4,405    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
| Spending authority from offsetting collections, discretionary                     | BA     | 77             |          |         |         |         |         |         |
| Outlays   | O      | 5,299          | 5,145    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
| Trust fund share of FAA operations (gross)  | BA     | 6,045          | 4,405    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
|   | O      | 5,299          | 5,145    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
| Total, offsetting collections (cash)  |        | -77            |          |         |         |         |         |         |
| Total Trust fund share of FAA operations (net)                                    | BA     | 5,968          | 4,405    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
|   | O      | 5,222          | 5,145    | 5,758   | 5,916   | 6,048   | 6,183   | 6,321   |
| Total Federal funds Federal Aviation Administration                               | BA     | -11            | 2,110    | 1,128   | 1,441   | 1,473   | 1,506   | 1,540   |
|   | O      | 519            | 1,436    | 1,078   | 1,379   | 1,445   | 1,478   | 1,509   |
| Total Trust funds Federal Aviation Administration                                 | BA     | 10,957         | 9,866    | 11,829  | 12,489  | 12,779  | 13,078  | 13,383  |
|   | O      | 9,043          | 9,583    | 11,110  | 11,840  | 12,345  | 12,863  | 13,203  |

**Federal Highway Administration**  
*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |    |    |    |
|---|--------|-----|-----|-----|-----|----|----|----|
| Miscellaneous appropriations:                                 |        |     |     |     |     |    |    |    |
| Appropriation, discretionary                                  | 401 BA |     | 605 |     |     |    |    |    |
| Outlays   | O      | 133 | 254 | 320 | 159 | 90 | 62 | 38 |
| Appalachian development highway system:                       |        |     |     |     |     |    |    |    |
| Outlays   | 401 O  | 101 | 79  | 44  | 23  | 15 | 11 | 6  |
| State infrastructure banks:                                   |        |     |     |     |     |    |    |    |
| Outlays   | 401 O  | 19  | 8   | 8   | 6   | 5  | 2  |    |
| Ellsworth housing settlement:                                 |        |     |     |     |     |    |    |    |
| Spending authority from offsetting collections, discretionary | 401 BA | 3   |     |     |     |    |    |    |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |          |          |          |          |          |
|---|--------|----------------|----------|----------|----------|----------|----------|----------|
|   |        |                | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     |
| Outlays .....   | O      |                | 3        |          |          |          |          |          |
| Ellsworth housing settlement (gross) .....                          | BA     | 3              |          |          |          |          |          |          |
|   | O      |                | 3        |          |          |          |          |          |
| Total, offsetting collections (cash) .....                          |        | -3             |          |          |          |          |          |          |
| Total Ellsworth housing settlement (net) .....                      | BA     |                |          |          |          |          |          |          |
|   | O      | -3             | 3        |          |          |          |          |          |
| <i>Trust funds</i>  |        |                |          |          |          |          |          |          |
| Federal-aid highways:   |        |                |          |          |          |          |          |          |
| Appropriation, discretionary .....                                  | 401 BA |                | 718      |          |          |          |          |          |
| Appropriation, mandatory .....                                      | BA     |                | 19       |          |          |          |          |          |
| Contract authority, mandatory .....                                 | BA     | 29,964         | 33,544   | 35,333   | 31,453   | 32,328   | 33,207   | 34,161   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 92             | 92       | 92       | 92       | 92       | 92       | 92       |
| Outlays .....   | O      | 25,028         | 26,767   | 29,043   | 30,798   | 32,061   | 33,141   | 34,071   |
| Limitation on program level (obligations) .....                     |        | (25,873)       | (29,596) | (31,563) | (32,543) | (33,269) | (34,011) | (34,769) |
| Limitation on direct loan obligations .....                         |        | (1,800)        | (2,000)  | (2,200)  | (2,400)  | (2,454)  | (2,508)  | (2,564)  |
| Limitation on program level (obligations) .....                     |        |                | (200)    | (200)    | (200)    | (204)    | (209)    | (214)    |
| Federal-aid highways (gross) .....                                  | BA     | 30,056         | 34,373   | 35,425   | 31,545   | 32,420   | 33,299   | 34,253   |
|   | O      | 25,028         | 26,767   | 29,043   | 30,798   | 32,061   | 33,141   | 34,071   |
| Total, offsetting collections (cash) .....                          |        | -92            | -92      | -92      | -92      | -92      | -92      | -92      |
| Total Federal-aid highways (net) .....                              | BA     | 29,964         | 34,281   | 35,333   | 31,453   | 32,328   | 33,207   | 34,161   |
|   | O      | 24,936         | 26,675   | 28,951   | 30,706   | 31,969   | 33,049   | 33,979   |
| Appalachian development highway system (Highway trust fund):        |        |                |          |          |          |          |          |          |
| Appropriation, discretionary .....                                  | 401 BA |                | 254      |          |          |          |          |          |
| Outlays .....   | O      |                | 69       | 104      | 41       | 13       | 8        | 8        |
| Highway-related safety grants:                                      |        |                |          |          |          |          |          |          |
| Outlays .....   | 401 O  | 1              | 1        |          |          |          |          |          |
| Miscellaneous trust funds   |        |                |          |          |          |          |          |          |
| (Ground transportation):  |        |                |          |          |          |          |          |          |
| (Appropriation, mandatory) .....                                    | 401 BA | 38             | 21       | 21       | 21       | 21       | 21       | 21       |
| (Outlays) .....   | O      | 27             | 29       | 21       | 21       | 21       | 21       | 21       |
| Total Miscellaneous trust funds .....                               | BA     | 38             | 21       | 21       | 21       | 21       | 21       | 21       |
|   | O      | 27             | 29       | 21       | 21       | 21       | 21       | 21       |
| Miscellaneous highway trust funds:                                  |        |                |          |          |          |          |          |          |
| Appropriation, discretionary .....                                  | 401 BA | 2              | 1,182    |          |          |          |          |          |
| Outlays .....   | O      | 42             | 355      | 511      | 211      | 74       | 42       | 38       |
| Right-of-way revolving fund liquidating account:                    |        |                |          |          |          |          |          |          |
| Outlays .....   | 401 O  | -3             | 10       | 10       |          |          |          |          |
| Right-of-way revolving fund liquidating account (gross) .....       | O      | -3             | 10       | 10       |          |          |          |          |
| Total, offsetting collections (cash) .....                          |        | -46            | -24      | -24      | -24      | -24      | -24      | -19      |
| Total Right-of-way revolving fund liquidating account (net) .....   | BA     | -46            | -24      | -24      | -24      | -24      | -24      | -19      |
|   | O      | -49            | -14      | -14      | -24      | -24      | -24      | -19      |
| Total Federal funds Federal Highway Administration .....            | BA     |                | 605      |          |          |          |          |          |
|   | O      | 250            | 344      | 372      | 188      | 110      | 75       | 44       |
| Total Trust funds Federal Highway Administration .....              | BA     | 29,958         | 35,714   | 35,330   | 31,450   | 32,325   | 33,204   | 34,163   |
|   | O      | 24,957         | 27,115   | 29,573   | 30,955   | 32,053   | 33,096   | 34,027   |

**Federal Motor Carrier Safety Administration**

*Trust funds*

|   |        |      |      |       |      |      |      |       |
|---|--------|------|------|-------|------|------|------|-------|
| Motor carrier safety:   |        |      |      |       |      |      |      |       |
| Contract authority, mandatory .....                                 | 401 BA | 76   | 91   | 185   | 94   | 97   | 99   | 102   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 8    | 10   | 10    | 10   | 10   | 10   | 10    |
| Outlays .....   | O      | 64   | 113  | 144   | 109  | 105  | 108  | 110   |
| Limitation on program level (obligations) .....                     |        | (76) | (92) | (139) | (94) | (96) | (98) | (100) |
| Motor carrier safety (gross) .....                                  | BA     | 84   | 101  | 195   | 104  | 107  | 109  | 112   |
|   | O      | 64   | 113  | 144   | 109  | 105  | 108  | 110   |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Total, offsetting collections (cash) .....                          |        | -8             | -10      | -10   | -10   | -10   | -10   | -10   |
| Total Motor carrier safety (net) .....                              | BA     | 76             | 91       | 185   | 94    | 97    | 99    | 102   |
|   | O      | 56             | 103      | 134   | 99    | 95    | 98    | 100   |
| National motor carrier safety program:                              |        |                |          |       |       |       |       |       |
| Contract authority, mandatory .....                                 | 401 BA | 105            | 177      | 205   | 190   | 195   | 201   | 207   |
| Outlays .....   | O      | 99             | 134      | 184   | 201   | 191   | 196   | 200   |
| Limitation on program level (obligations) .....                     |        | (105)          | (177)    | (205) | (190) | (194) | (199) | (203) |
| Total Trust funds Federal Motor Carrier Safety Administration ..... | BA     | 181            | 268      | 390   | 284   | 292   | 300   | 309   |
|   | O      | 155            | 237      | 318   | 300   | 286   | 294   | 300   |

**National Highway Traffic Safety Administration**

*Federal funds*

**General and Special Funds:**

Operations and research:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 401 BA | 86  | 117 | 122 | 125 | 128 | 130 | 133 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 24  | 25  | 25  | 25  | 25  | 25  | 25  |
| Outlays .....   | O      | 89  | 142 | 147 | 150 | 153 | 154 | 156 |
| Operations and research (gross) .....                               | BA     | 110 | 142 | 147 | 150 | 153 | 155 | 158 |
|   | O      | 89  | 142 | 147 | 150 | 153 | 154 | 156 |
| Total, offsetting collections (cash) .....                          |        | -24 | -25 | -25 | -25 | -25 | -25 | -25 |
| Total Operations and research (net) .....                           | BA     | 86  | 117 | 122 | 125 | 128 | 130 | 133 |
|   | O      | 65  | 117 | 122 | 125 | 128 | 129 | 131 |

*Trust funds*

Operations and research (Highway trust fund):

|   |        |      |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|------|
| Appropriation, discretionary .....                                  | 401 BA | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Contract authority, mandatory .....                                 | BA     | 72   | 72   | 72   | 72   | 74   | 74   | 74   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 11   | 12   | 12   | 12   | 12   | 12   | 12   |
| Outlays .....   | O      | 84   | 109  | 98   | 91   | 90   | 90   | 92   |
| Limitation on program level (obligations) .....                     |        | (72) | (72) | (72) | (74) | (75) | (77) | (79) |
| Operations and research (Highway trust fund) (gross) .....          | BA     | 85   | 86   | 86   | 86   | 88   | 88   | 88   |
|   | O      | 84   | 109  | 98   | 91   | 90   | 90   | 92   |
| Total, offsetting collections (cash) .....                          |        | -11  | -12  | -12  | -12  | -12  | -12  | -12  |
| Total Operations and research (Highway trust fund) (net) .....      | BA     | 74   | 74   | 74   | 74   | 76   | 76   | 76   |
|   | O      | 73   | 97   | 86   | 79   | 78   | 78   | 80   |

Highway traffic safety grants:

|  |        |       |       |       |       |       |       |       |
|--|--------|-------|-------|-------|-------|-------|-------|-------|
| Contract authority, mandatory .....                                      | 401 BA | 207   | 213   | 223   | 225   | 231   | 238   | 245   |
| Outlays .....  | O      | 191   | 221   | 228   | 225   | 232   | 240   | 250   |
| Limitation on program level (obligations) .....                          |        | (207) | (213) | (223) | (225) | (237) | (250) | (263) |
| Total Federal funds National Highway Traffic Safety Administration ..... | BA     | 86    | 117   | 122   | 125   | 128   | 130   | 133   |
|  | O      | 65    | 117   | 122   | 125   | 128   | 129   | 131   |
| Total Trust funds National Highway Traffic Safety Administration .....   | BA     | 281   | 287   | 297   | 299   | 307   | 314   | 321   |
|  | O      | 264   | 318   | 314   | 304   | 310   | 318   | 330   |

**Federal Railroad Administration**

*Federal funds*

**General and Special Funds:**

Safety and operations:

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 401 BA | 94 | 101 | 111 | 113 | 116 | 119 | 121 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2  | 2   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   | O      | 94 | 114 | 113 | 114 | 116 | 120 | 122 |
| Safety and operations (gross) .....                                 | BA     | 96 | 103 | 112 | 114 | 117 | 120 | 122 |
|   | O      | 94 | 114 | 113 | 114 | 116 | 120 | 122 |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      | 2006 |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 |      |
| Total, offsetting collections (cash) .....                                    |        | -2             | -2       | -1   | -1   | -1   | -1   | -1   |
| Total Safety and operations (net) .....                                       | BA     | 94             | 101      | 111  | 113  | 116  | 119  | 121  |
|   | O      | 92             | 112      | 112  | 113  | 115  | 119  | 121  |
| <b>Railroad research and development:</b>                                     |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA | 22             | 25       | 28   | 29   | 29   | 30   | 31   |
| Spending authority from offsetting collections, discretionary .....           | BA     |                |          | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 23             | 36       | 30   | 29   | 33   | 31   | 31   |
| Railroad research and development (gross) .....                               | BA     | 22             | 25       | 29   | 30   | 30   | 31   | 32   |
|   | O      | 23             | 36       | 30   | 29   | 33   | 31   | 31   |
| Total, offsetting collections (cash) .....                                    |        |                |          | -1   | -1   | -1   | -1   | -1   |
| Total Railroad research and development (net) .....                           | BA     | 22             | 25       | 28   | 29   | 29   | 30   | 31   |
|   | O      | 23             | 36       | 29   | 28   | 32   | 30   | 30   |
| <b>Rhode Island rail development:</b>   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA | 10             | 17       |      |      |      |      |      |
| Outlays .....   | O      | 8              | 24       | 12   | 5    |      |      |      |
| <b>Pennsylvania station redevelopment project:</b>                            |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA |                | 20       | 20   | 20   | 21   | 21   | 22   |
| Outlays .....   | O      |                | 2        | 10   | 16   | 19   | 21   | 21   |
| <b>Alaska railroad rehabilitation:</b>  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA | 15             | 30       |      |      |      |      |      |
| Outlays .....   | O      | 11             | 52       | 18   |      |      |      |      |
| <b>West Virginia rail development:</b>  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA |                | 15       |      |      |      |      |      |
| Outlays .....   | O      |                | 3        | 8    | 4    |      |      |      |
| <b>Capital grants to National Railroad Passenger Corporation:</b>             |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA | 571            | 520      | 521  | 533  | 544  | 557  | 569  |
| Outlays .....   | O      | 594            | 554      | 833  | 533  | 544  | 557  | 569  |
| <b>AMTRAK reform council:</b>   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 407 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....   | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| <b>Next generation high-speed rail:</b>                                       |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....  | 401 BA | 27             | 25       | 25   | 26   | 26   | 27   | 27   |
| Outlays .....   | O      | 23             | 24       | 24   | 26   | 27   | 27   | 26   |
| <b>Northeast corridor improvement program:</b>                                |        |                |          |      |      |      |      |      |
| Outlays .....   | 401 O  |                | 18       |      |      |      |      |      |
| <b>Emergency railroad rehabilitation and repair:</b>                          |        |                |          |      |      |      |      |      |
| Outlays .....   | 401 O  | 3              | 4        |      |      |      |      |      |
| <b>Local rail freight assistance:</b>   |        |                |          |      |      |      |      |      |
| Outlays .....   | 401 O  | 1              | 2        |      |      |      |      |      |
| <b>Conrail commuter transition assistance:</b>                                |        |                |          |      |      |      |      |      |
| Outlays .....   | 401 O  | 3              | 3        |      |      |      |      |      |
| <b>Public Enterprise Funds:</b>   |        |                |          |      |      |      |      |      |
| <b>Railroad rehabilitation and improvement liquidating account:</b>           |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory .....               | 401 BA | 3              | 2        | 2    | 2    | 2    | 1    | 1    |
| Outlays .....   | O      | 3              | 2        | 2    | 2    | 2    | 1    | 1    |
| Railroad rehabilitation and improvement liquidating account (gross) .....     | BA     | 3              | 2        | 2    | 2    | 2    | 1    | 1    |
|   | O      | 3              | 2        | 2    | 2    | 2    | 1    | 1    |
| Total, offsetting collections (cash) .....                                    |        | -7             | -6       | -6   | -6   | -6   | -6   | -6   |
| Total Railroad rehabilitation and improvement liquidating account (net) ..... | BA     | -4             | -4       | -4   | -4   | -4   | -5   | -5   |
|   | O      | -4             | -4       | -4   | -4   | -4   | -5   | -5   |
| <b>Credit Accounts:</b>   |        |                |          |      |      |      |      |      |
| <b>Amtrak corridor improvement loans liquidating account:</b>                 |        |                |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....                                    | 401    |                | -1       | -1   | -1   | -1   |      |      |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate     |              |            |            |            | 2006       |
|--|--------|----------------|--------------|--------------|------------|------------|------------|------------|
|  |        |                | 2001         | 2002         | 2003       | 2004       | 2005       |            |
| <i>Trust funds</i>   |        |                |              |              |            |            |            |            |
| Trust fund share of next generation high-speed rail:                   |        |                |              |              |            |            |            |            |
| Outlays .....  | 401 O  | 3              | 2            |              |            |            |            |            |
| Total Federal funds Federal Railroad Administration .....              | BA     | <b>736</b>     | <b>749</b>   | <b>701</b>   | <b>717</b> | <b>732</b> | <b>750</b> | <b>766</b> |
|  | O      | 755            | 830          | 1,042        | 721        | 733        | 750        | 763        |
| Total Trust funds Federal Railroad Administration .....                | O      | <b>3</b>       | <b>2</b>     |              |            |            |            |            |
| <b>Federal Transit Administration</b>                                  |        |                |              |              |            |            |            |            |
| <i>Federal funds</i>   |        |                |              |              |            |            |            |            |
| <b>General and Special Funds:</b>                                      |        |                |              |              |            |            |            |            |
| Administrative expenses:   |        |                |              |              |            |            |            |            |
| Appropriation, discretionary .....                                     | 401 BA | 12             | 13           | 13           | 15         | 15         | 16         | 16         |
| Spending authority from offsetting collections, discretionary .....    | BA     | 49             | 52           | 55           |            |            |            |            |
| Outlays .....  | O      | 57             | 67           | 68           | 21         | 16         | 16         | 16         |
| Administrative expenses (gross) .....                                  | BA     | <b>61</b>      | <b>65</b>    | <b>68</b>    | <b>15</b>  | <b>15</b>  | <b>16</b>  | <b>16</b>  |
|  | O      | 57             | 67           | 68           | 21         | 16         | 16         | 16         |
| Change in uncollected customer payments from Federal sources .....     | BA     | 1              |              |              |            |            |            |            |
| Total, offsetting collections (cash) .....                             |        | -50            | -52          | -55          |            |            |            |            |
| Total Administrative expenses (net) .....                              | BA     | <b>12</b>      | <b>13</b>    | <b>13</b>    | <b>15</b>  | <b>15</b>  | <b>16</b>  | <b>16</b>  |
|  | O      | 7              | 15           | 13           | 21         | 16         | 16         | 16         |
| Formula grants:  |        |                |              |              |            |            |            |            |
| Appropriation, discretionary .....                                     | 401 BA | 570            | 617          | 718          | 768        | 784        | 802        | 820        |
| Spending authority from offsetting collections, discretionary .....    | BA     | 4,071          | 2,670        | 2,874        |            |            |            |            |
| Outlays .....  | O      | 2,792          | 3,216        | 3,192        | 2,834      | 2,491      | 2,017      | 1,483      |
| Formula grants (gross) .....   | BA     | <b>4,641</b>   | <b>3,287</b> | <b>3,592</b> | <b>768</b> | <b>784</b> | <b>802</b> | <b>820</b> |
|  | O      | 2,792          | 3,216        | 3,192        | 2,834      | 2,491      | 2,017      | 1,483      |
| Change in uncollected customer payments from Federal sources .....     | BA     | 1              |              |              |            |            |            |            |
| Adjustment to uncollected customer payments from Federal sources ..... | BA     | -1             |              |              |            |            |            |            |
| Total, offsetting collections (cash) .....                             |        | -4,071         | -2,670       | -2,874       |            |            |            |            |
| Total Formula grants (net) .....                                       | BA     | <b>570</b>     | <b>617</b>   | <b>718</b>   | <b>768</b> | <b>784</b> | <b>802</b> | <b>820</b> |
|  | O      | -1,279         | 546          | 318          | 2,834      | 2,491      | 2,017      | 1,483      |
| University transportation research:                                    |        |                |              |              |            |            |            |            |
| Appropriation, discretionary .....                                     | 401 BA | 1              | 1            | 1            | 1          | 1          | 1          | 1          |
| Spending authority from offsetting collections, discretionary .....    | BA     | 5              | 5            | 5            |            |            |            |            |
| Outlays .....  | O      | 9              | 6            | 6            | 6          | 3          | 2          | 2          |
| University transportation research (gross) .....                       | BA     | <b>6</b>       | <b>6</b>     | <b>6</b>     | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      | 9              | 6            | 6            | 6          | 3          | 2          | 2          |
| Total, offsetting collections (cash) .....                             |        | -5             | -5           | -5           |            |            |            |            |
| Total University transportation research (net) .....                   | BA     | <b>1</b>       | <b>1</b>     | <b>1</b>     | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      | 4              | 1            | 1            | 6          | 3          | 2          | 2          |
| Transit planning and research:   |        |                |              |              |            |            |            |            |
| Appropriation, discretionary .....                                     | 401 BA | 23             | 22           | 23           | 23         | 24         | 24         | 24         |
| Spending authority from offsetting collections, discretionary .....    | BA     | 155            | 100          | 105          |            |            |            |            |
| Outlays .....  | O      | 83             | 129          | 149          | 153        | 69         | 38         | 27         |
| Transit planning and research (gross) .....                            | BA     | <b>178</b>     | <b>122</b>   | <b>128</b>   | <b>23</b>  | <b>24</b>  | <b>24</b>  | <b>24</b>  |
|  | O      | 83             | 129          | 149          | 153        | 69         | 38         | 27         |
| Change in uncollected customer payments from Federal sources .....     | BA     | -10            |              |              |            |            |            |            |
| Total, offsetting collections (cash) .....                             |        | -145           | -100         | -105         |            |            |            |            |
| Total Transit planning and research (net) .....                        | BA     | <b>23</b>      | <b>22</b>    | <b>23</b>    | <b>23</b>  | <b>24</b>  | <b>24</b>  | <b>24</b>  |
|  | O      | -62            | 29           | 44           | 153        | 69         | 38         | 27         |
| Job access and reverse commute grants:                                 |        |                |              |              |            |            |            |            |
| Appropriation, discretionary .....                                     | 401 BA | 15             | 20           | 25           | 30         | 31         | 31         | 32         |
| Spending authority from offsetting collections, discretionary .....    | BA     | 60             | 80           | 100          |            |            |            |            |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |         |         |         |         |         |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Outlays .....   | O      | 17             | 45       | 65      | 88      | 85      | 66      | 53      |
| Job access and reverse commute grants (gross) .....                     | BA     | 75             | 100      | 125     | 30      | 31      | 31      | 32      |
|   | O      | 17             | 45       | 65      | 88      | 85      | 66      | 53      |
| Total, offsetting collections (cash) .....                              |        | -60            | -80      | -100    |         |         |         |         |
| Total Job access and reverse commute grants (net) .....                 | BA     | 15             | 20       | 25      | 30      | 31      | 31      | 32      |
|   | O      | -43            | -35      | -35     | 88      | 85      | 66      | 53      |
| <b>Capital investment grants:</b>                                       |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                      | 401 BA | 538            | 578      | 568     | 607     | 621     | 634     | 649     |
| Spending authority from offsetting collections, discretionary .....     | BA     | 1,954          | 2,116    | 2,273   |         |         |         |         |
| Outlays .....   | O      | 1,071          | 961      | 1,572   | 2,001   | 1,900   | 1,666   | 1,277   |
| Capital investment grants (gross) .....                                 | BA     | 2,492          | 2,694    | 2,841   | 607     | 621     | 634     | 649     |
|   | O      | 1,071          | 961      | 1,572   | 2,001   | 1,900   | 1,666   | 1,277   |
| Total, offsetting collections (cash) .....                              |        | -1,954         | -2,116   | -2,273  |         |         |         |         |
| Total Capital investment grants (net) .....                             | BA     | 538            | 578      | 568     | 607     | 621     | 634     | 649     |
|   | O      | -883           | -1,155   | -701    | 2,001   | 1,900   | 1,666   | 1,277   |
| <b>Research, training, and human resources:</b>                         |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  |                | 2        | 1       | 1       |         |         |         |
| <b>Interstate transfer grants-transit:</b>                              |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 1              | 5        | 2       | 1       | 1       |         |         |
| <b>Washington Metropolitan Area Transit Authority:</b>                  |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 109            | 107      | 71      | 48      | 11      |         |         |
| <b>Miscellaneous expired accounts:</b>                                  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                      | 401 BA | -4             |          |         |         |         |         |         |
| Outlays .....   | O      | -1             |          |         |         |         |         |         |
| <i>Trust funds</i>  |        |                |          |         |         |         |         |         |
| <b>Discretionary grants (Highway trust fund, mass transit account):</b> |        |                |          |         |         |         |         |         |
| Outlays .....   | 401 O  | 1,200          | 983      | 614     | 309     | 107     |         |         |
| <b>Trust fund share of expenses:</b>                                    |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                      | 401 BA | 11             | 4        |         |         |         |         |         |
| Contract authority, mandatory .....                                     | BA     | 6,285          | 5,017    | 5,398   | 5,781   | 5,947   | 6,113   | 6,293   |
| Outlays .....   | O      | 6,278          | 5,010    | 5,398   | 343     | 1,626   | 3,197   | 4,401   |
| Limitation on program level (obligations) .....                         |        | (6,267)        | (5,006)  | (5,398) | (5,782) | (5,911) | (6,042) | (6,177) |
| Total Trust fund share of expenses .....                                | BA     | 6,296          | 5,021    | 5,398   | 5,781   | 5,947   | 6,113   | 6,293   |
|   | O      | 6,278          | 5,010    | 5,398   | 343     | 1,626   | 3,197   | 4,401   |
| Total Federal funds Federal Transit Administration .....                | BA     | 1,155          | 1,251    | 1,348   | 1,444   | 1,476   | 1,508   | 1,542   |
|   | O      | -2,147         | -485     | -286    | 5,153   | 4,576   | 3,805   | 2,858   |
| Total Trust funds Federal Transit Administration .....                  | BA     | 6,296          | 5,021    | 5,398   | 5,781   | 5,947   | 6,113   | 6,293   |
|   | O      | 7,478          | 5,993    | 6,012   | 652     | 1,733   | 3,197   | 4,401   |

**Saint Lawrence Seaway Development Corporation**

*Federal funds*

**Public Enterprise Funds:**

Saint Lawrence Seaway Development Corporation:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory ..... | 403 BA | 13  | 14  | 14  | 14  | 14  | 14  | 14  |
| Outlays .....   | O      | 13  | 14  | 14  | 14  | 14  | 14  | 14  |
| Saint Lawrence Seaway Development Corporation (gross) .....     | BA     | 13  | 14  | 14  | 14  | 14  | 14  | 14  |
|   | O      | 13  | 14  | 14  | 14  | 14  | 14  | 14  |
| Total, offsetting collections (cash) .....                      |        | -13 | -14 | -14 | -14 | -14 | -14 | -14 |
| Total Saint Lawrence Seaway Development Corporation (net) ..... | BA     |     |     |     |     |     |     |     |
|   | O      |     |     |     |     |     |     |     |

*Trust funds*

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| <b>Operations and maintenance:</b> |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 403 BA | 12 | 13 | 13 | 13 | 14 | 14 | 14 |
| Outlays .....                      | O      | 12 | 13 | 13 | 13 | 14 | 14 | 14 |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Research and Special Programs Administration</b>                                  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Research and special programs:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 407 BA | 32             | 36       | 42   | 43   | 44   | 45   | 46   |
| Spending authority from offsetting collections, discretionary .....                  | BA     | 58             | 53       | 55   | 55   | 55   | 55   | 55   |
| Outlays .....  | O      | 69             | 120      | 95   | 97   | 99   | 100  | 100  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Research and special programs (gross) .....  | BA     | 90             | 89       | 97   | 98   | 99   | 100  | 101  |
|  | O      | 69             | 120      | 95   | 97   | 99   | 100  | 100  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....                   | BA     | 15             |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....   |        | -72            | -53      | -55  | -55  | -55  | -55  | -55  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Research and special programs (net) .....                                      | BA     | 33             | 36       | 42   | 43   | 44   | 45   | 46   |
|  | O      | -3             | 67       | 40   | 42   | 44   | 45   | 45   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Pipeline safety:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 407 BA | 31             | 39       | 46   | 47   | 48   | 49   | 51   |
| Spending authority from offsetting collections, discretionary .....                  | BA     | 6              | 9        | 8    | 8    | 8    | 8    | 8    |
| Outlays .....  | O      | 37             | 42       | 51   | 52   | 56   | 56   | 58   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Pipeline safety (gross) .....  | BA     | 37             | 48       | 54   | 55   | 56   | 57   | 59   |
|  | O      | 37             | 42       | 51   | 52   | 56   | 56   | 58   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....                   | BA     | 1              |          |      |      |      |      |      |
| Adjustment to uncollected customer payments from Federal sources .....               | BA     | 2              |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....   |        | -10            | -9       | -8   | -8   | -8   | -8   | -8   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Pipeline safety (net) .....  | BA     | 30             | 39       | 46   | 47   | 48   | 49   | 51   |
|  | O      | 27             | 33       | 43   | 44   | 48   | 48   | 50   |
| <hr/>  |        |                |          |      |      |      |      |      |
| Emergency preparedness grants:   |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 407 BA | 25             | 14       | 14   | 14   | 14   | 14   | 14   |
| Outlays .....  | O      | 9              | 13       | 14   | 14   | 14   | 14   | 14   |
| <hr/>  |        |                |          |      |      |      |      |      |
| <b>Intragovernmental Funds:</b>  |        |                |          |      |      |      |      |      |
| Working capital fund, Volpe National Transportation Systems Center:                  |        |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....                  | 407 BA | 212            | 205      | 208  | 205  | 205  | 205  | 205  |
| Outlays .....  | O      | 177            | 205      | 208  | 205  | 205  | 205  | 205  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Working capital fund, Volpe National Transportation Systems Center (gross) .....     | BA     | 212            | 205      | 208  | 205  | 205  | 205  | 205  |
|  | O      | 177            | 205      | 208  | 205  | 205  | 205  | 205  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Change in uncollected customer payments from Federal sources .....                   | BA     | -35            |          |      |      |      |      |      |
| Total, offsetting collections (cash) .....   |        | -177           | -205     | -208 | -205 | -205 | -205 | -205 |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Working capital fund, Volpe National Transportation Systems Center (net) ..... | BA     |                |          |      |      |      |      |      |
|  | O      |                |          |      |      |      |      |      |
| <hr/>  |        |                |          |      |      |      |      |      |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Trust fund share of pipeline safety:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 407 BA | 5              | 7        | 7    | 7    | 7    | 7    | 8    |
| Outlays .....  | O      | 9              | 4        | 7    | 6    | 8    | 8    | 8    |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Federal funds Research and Special Programs Administration .....               | BA     | 88             | 89       | 102  | 104  | 106  | 108  | 111  |
|  | O      | 33             | 113      | 97   | 100  | 106  | 107  | 109  |
| <hr/>  |        |                |          |      |      |      |      |      |
| Total Trust funds Research and Special Programs Administration .....                 | BA     | 5              | 7        | 7    | 7    | 7    | 7    | 8    |
|  | O      | 9              | 4        | 7    | 6    | 8    | 8    | 8    |

**Office of Inspector General**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 407 BA | 44 | 49 | 51 | 52 | 53 | 54 | 56 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4  | 4  | 6  | 6  | 6  | 6  | 6  |
| Outlays .....   | O      | 48 | 52 | 57 | 58 | 59 | 60 | 61 |
| <hr/>   |        |    |    |    |    |    |    |    |
| Salaries and expenses (gross) .....                                 | BA     | 48 | 53 | 57 | 58 | 59 | 60 | 62 |
|   | O      | 48 | 52 | 57 | 58 | 59 | 60 | 61 |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account                                    |    | 2000<br>actual | estimate |      |      |      |      |      |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash) ..... |    | -4             | -4       | -6   | -6   | -6   | -6   | -6   |
| Total Salaries and expenses (net) .....    | BA | 44             | 49       | 51   | 52   | 53   | 54   | 56   |
|  | O  | 44             | 48       | 51   | 52   | 53   | 54   | 55   |

**Surface Transportation Board**

*Federal funds*

**General and Special Funds:**

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Salaries and expenses:  |        |    |    |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 401 BA | 16 | 17 | 18 | 18 | 19 | 19 | 20 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1  | 1  | 1  | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 17 | 19 | 19 | 20 | 20 | 20 | 21 |
| Salaries and expenses (gross) .....                                 | BA     | 17 | 18 | 19 | 19 | 20 | 20 | 21 |
|   | O      | 17 | 19 | 19 | 20 | 20 | 20 | 21 |
| Total, offsetting collections (cash) .....                          |        | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Total Salaries and expenses (net) .....                             | BA     | 16 | 17 | 18 | 18 | 19 | 19 | 20 |
|   | O      | 16 | 18 | 18 | 19 | 19 | 19 | 20 |

**Bureau of Transportation Statistics**

*Trust funds*

|  |        |  |  |   |   |   |   |   |
|--|--------|--|--|---|---|---|---|---|
| Office of airline information (Airport and airway trust fund): |        |  |  |   |   |   |   |   |
| Appropriation, discretionary .....                             | 402 BA |  |  | 4 | 4 | 4 | 4 | 4 |
| Outlays .....  | O      |  |  | 4 | 4 | 4 | 4 | 4 |

**Maritime Administration**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Operations and training:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 403 BA | 72  | 87  | 89  | 91  | 93  | 95  | 97  |
| Reappropriation, discretionary .....                                | BA     | 1   |     |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary ..... | BA     | 47  | 57  | 50  | 50  | 57  | 57  | 57  |
| Outlays .....   | O      | 120 | 162 | 138 | 140 | 150 | 152 | 154 |
| Operations and training (gross) .....                               | BA     | 120 | 144 | 139 | 141 | 150 | 152 | 154 |
|   | O      | 120 | 162 | 138 | 140 | 150 | 152 | 154 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -5  |     |     |     |     |     |     |
| Total, offsetting collections (cash) .....                          |        | -42 | -57 | -50 | -50 | -57 | -57 | -57 |
| Total Operations and training (net) .....                           | BA     | 73  | 87  | 89  | 91  | 93  | 95  | 97  |
|   | O      | 78  | 105 | 88  | 90  | 93  | 95  | 97  |
| Ship disposal:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 403 BA |     |     | 10  | 10  | 10  | 11  | 11  |
| Outlays .....   | O      |     |     | 5   | 10  | 10  | 10  | 10  |
| Maritime security program:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 054 BA | 96  | 98  |     |     |     |     |     |
| Outlays .....   | O      | 99  | 99  | 8   |     |     |     |     |
| Ship construction:  |        |     |     |     |     |     |     |     |
| Spending authority from offsetting collections, discretionary ..... | 403 BA | 2   | 2   | 2   | 2   | 2   | 2   | 2   |
| Ship construction (gross) .....                                     | BA     | 2   | 2   | 2   | 2   | 2   | 2   | 2   |
| Total, offsetting collections (cash) .....                          |        | -2  | -2  | -2  | -2  | -2  | -2  | -2  |
| Total Ship construction (net) .....                                 | BA     |     |     |     |     |     |     |     |
|   | O      | -2  | -2  | -2  | -2  | -2  | -2  | -2  |
| Operating-differential subsidies:                                   |        |     |     |     |     |     |     |     |
| Outlays .....   | 403 O  | 10  | 27  | 18  |     |     |     |     |
| Ocean freight differential:   |        |     |     |     |     |     |     |     |
| Authority to borrow, mandatory .....                                | 403 BA | 75  | 80  | 48  | 25  | 25  | 25  | 25  |
| Outlays .....   | O      | 23  | 80  | 48  | 25  | 25  | 25  | 25  |
| Ready reserve force:  |        |     |     |     |     |     |     |     |
| Outlays .....   | 054 O  | 3   | 5   | 4   | 1   |     |     |     |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |        |        |        |        |        |
|---|----------|----------------|----------|--------|--------|--------|--------|--------|
|   |          |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>Public Enterprise Funds:</b>                               |          |                |          |        |        |        |        |        |
| Vessel operations revolving fund:                             |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary | 403 BA   | 311            | 367      | 351    | 361    | 376    | 384    | 384    |
| Outlays   | O        | 288            | 287      | 299    | 359    | 377    | 388    | 390    |
| Vessel operations revolving fund (gross)                      | BA       | 311            | 367      | 351    | 361    | 376    | 384    | 384    |
|   | O        | 288            | 287      | 299    | 359    | 377    | 388    | 390    |
| Change in uncollected customer payments from Federal sources  | BA       | 67             |          |        |        |        |        |        |
| Total, offsetting collections (cash)                          |          | -378           | -367     | -351   | -361   | -376   | -384   | -384   |
| Total Vessel operations revolving fund (net)                  | BA       |                |          |        |        |        |        |        |
|   | O        | -90            | -80      | -52    | -2     | 1      | 4      | 6      |
| War risk insurance revolving fund:                            |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary | 403 BA   | 2              | 2        | 2      | 2      | 2      | 2      | 2      |
| Outlays   | O        |                | 1        | 1      | 1      | 1      | 1      | 1      |
| War risk insurance revolving fund (gross)                     | BA       | 2              | 2        | 2      | 2      | 2      | 2      | 2      |
|   | O        |                | 1        | 1      | 1      | 1      | 1      | 1      |
| Total, offsetting collections (cash)                          |          | -2             | -2       | -2     | -2     | -2     | -2     | -2     |
| Total War risk insurance revolving fund (net)                 | BA       |                |          |        |        |        |        |        |
|   | O        | -2             | -1       | -1     | -1     | -1     | -1     | -1     |
| <b>Credit Accounts:</b>                                       |          |                |          |        |        |        |        |        |
| Federal ship financing fund liquidating account:              |          |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory     | 403 BA   |                | 3        | 2      | 3      | 3      | 3      | 3      |
| Federal ship financing fund liquidating account (gross)       | BA       |                | 3        | 2      | 3      | 3      | 3      | 3      |
| Total, offsetting collections (cash)                          |          | -3             | -3       | -2     | -3     | -3     | -3     | -3     |
| Total Federal ship financing fund liquidating account (net)   | BA       | -3             |          |        |        |        |        |        |
|   | O        | -3             | -3       | -2     | -3     | -3     | -3     | -3     |
| Maritime guaranteed loan (title XI) program account:          |          |                |          |        |        |        |        |        |
| Appropriation, discretionary                                  | 403 BA   | 10             | 26       | 4      | 4      | 4      | 4      | 4      |
| Appropriation, mandatory                                      | BA       | 60             | 21       |        |        |        |        |        |
| Outlays   | O        | 124            | 93       | 14     | 4      | 4      | 4      | 4      |
| Limitation on loan guarantee commitments                      |          | (1,000)        |          |        |        |        |        |        |
| Total Maritime guaranteed loan (title XI) program account     | BA       | 70             | 47       | 4      | 4      | 4      | 4      | 4      |
|   | O        | 124            | 93       | 14     | 4      | 4      | 4      | 4      |
| Total Federal funds Maritime Administration                   | BA       | 311            | 312      | 151    | 130    | 132    | 135    | 137    |
|   | O        | 240            | 323      | 128    | 122    | 127    | 132    | 136    |
| <b>Summary</b>  |          |                |          |        |        |        |        |        |
| Federal funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above)                                    | BA       | 7,156          | 9,898    | 8,755  | 9,337  | 9,557  | 9,785  | 10,020 |
|   | O        | 4,150          | 7,380    | 7,599  | 12,978 | 12,625 | 12,045 | 11,278 |
| Deductions for offsetting receipts:                           |          |                |          |        |        |        |        |        |
| Proprietary receipts from the public                          | 401 BA/O | -65            |          |        |        |        |        |        |
|   | 403 BA/O | -30            | -22      | -1     | -1     | -1     | -1     | -1     |
|   | 407 BA/O | -25            | -14      | -14    | -14    | -14    | -14    | -14    |
| Offsetting governmental receipts                              | 401 BA/O | -1             |          |        |        |        |        |        |
|   | 403 BA/O | -88            | -92      | -94    | -96    | -99    | -101   | -103   |
|   | 407 BA/O | -31            | -38      | -48    | -49    | -50    | -52    | -53    |
|   |          |                |          | -12    | -22    | -22    | -23    | -24    |
| Total Federal funds   | BA       | 6,916          | 9,732    | 8,531  | 9,045  | 9,258  | 9,478  | 9,706  |
|   | O        | 3,910          | 7,214    | 7,375  | 12,686 | 12,326 | 11,738 | 10,964 |
| Trust funds:  |          |                |          |        |        |        |        |        |
| (As shown in detail above)                                    | BA       | 47,865         | 51,349   | 53,441 | 50,501 | 51,850 | 53,210 | 54,672 |
|   | O        | 42,092         | 43,435   | 47,524 | 44,248 | 46,928 | 49,970 | 52,464 |

**DEPARTMENT OF TRANSPORTATION—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate      |               |               |               |               |               |     |
|--|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|-----|
|  |          |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |     |
| Deductions for offsetting receipts:        |          |                |               |               |               |               |               |               |     |
| Proprietary receipts from the public ..... | 151 BA/O | -5             | -5            | -5            | -5            | -5            | -5            | -5            | -5  |
|  | 401 BA/O | -29            | -28           | -28           | -28           | -28           | -28           | -28           | -28 |
| Total Trust funds .....                    | BA       | <b>47,831</b>  | <b>51,316</b> | <b>53,408</b> | <b>50,468</b> | <b>51,817</b> | <b>53,177</b> | <b>54,639</b> |     |
|  | O        | 42,058         | 43,402        | 47,491        | 44,215        | 46,895        | 49,937        | 52,431        |     |
| Interfund transactions .....               | 401 BA/O | -4             | -5            | -5            | -5            | -5            | -5            | -5            | -5  |
| Total Department of Transportation .....   | BA       | <b>54,743</b>  | <b>61,043</b> | <b>61,934</b> | <b>59,508</b> | <b>61,070</b> | <b>62,650</b> | <b>64,340</b> |     |
|  | O        | 45,964         | 50,611        | 54,861        | 56,896        | 59,216        | 61,670        | 63,390        |     |

**DEPARTMENT OF THE TREASURY**  
(In millions of dollars)

| Account |  | 2000<br>actual | estimate |      |      |      |      |      |  |
|---------|--|----------------|----------|------|------|------|------|------|--|
|         |  |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |  |

**Departmental Offices**  
*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 803 BA | 161        | 163        | 182        | 186        | 190        | 194        | 199        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 15         | 17         | 17         | 15         | 15         | 15         | 15         |
| Outlays .....   | O      | 165        | 214        | 225        | 201        | 204        | 209        | 213        |
| Salaries and expenses (gross) .....                                 | BA     | <b>176</b> | <b>180</b> | <b>199</b> | <b>201</b> | <b>205</b> | <b>209</b> | <b>214</b> |
|   | O      | 165        | 214        | 225        | 201        | 204        | 209        | 213        |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1         |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....                          |        | -14        | -17        | -17        | -15        | -15        | -15        | -15        |
| Total Salaries and expenses (net) .....                             | BA     | <b>161</b> | <b>163</b> | <b>182</b> | <b>186</b> | <b>190</b> | <b>194</b> | <b>199</b> |
|   | O      | 151        | 197        | 208        | 186        | 189        | 194        | 198        |

Department-wide systems and capital investments programs:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 803 BA | 33 | 62 | 71 | 73 | 74 | 76 | 78 |
| Outlays .....                      | O      | 48 | 63 | 54 | 64 | 72 | 74 | 76 |

Office of Inspector General:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 803 BA | 31 | 33 | 35 | 36 | 37 | 37 | 38 |
| Spending authority from offsetting collections, discretionary ..... | BA     |    |    |    | 1  | 1  | 1  | 1  |
| Outlays .....   | O      | 29 | 32 | 36 | 36 | 37 | 38 | 39 |

|   |    |           |           |           |           |           |           |           |
|---|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Office of Inspector General (gross) ..... | BA | <b>31</b> | <b>33</b> | <b>35</b> | <b>37</b> | <b>38</b> | <b>38</b> | <b>39</b> |
|   | O  | 29        | 32        | 36        | 36        | 37        | 38        | 39        |

|  |  |  |  |  |    |    |    |    |
|--|--|--|--|--|----|----|----|----|
| Total, offsetting collections (cash) ..... |  |  |  |  | -1 | -1 | -1 | -1 |
|--|--|--|--|--|----|----|----|----|

|   |    |           |           |           |           |           |           |           |
|---|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Office of Inspector General (net) ..... | BA | <b>31</b> | <b>33</b> | <b>35</b> | <b>36</b> | <b>37</b> | <b>37</b> | <b>38</b> |
|   | O  | 29        | 32        | 36        | 35        | 36        | 37        | 38        |

Inspector General for Tax Administration:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 803 BA | 112 | 118 | 122 | 125 | 128 | 130 | 133 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 2   | 2   | 2   | 2   | 2   | 2   | 2   |
| Outlays .....   | O      | 98  | 122 | 124 | 126 | 129 | 132 | 135 |

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Inspector General for Tax Administration (gross) ..... | BA | <b>114</b> | <b>120</b> | <b>124</b> | <b>127</b> | <b>130</b> | <b>132</b> | <b>135</b> |
|  | O  | 98         | 122        | 124        | 126        | 129        | 132        | 135        |

|  |  |    |    |    |    |    |    |    |
|--|--|----|----|----|----|----|----|----|
| Total, offsetting collections (cash) ..... |  | -2 | -2 | -2 | -2 | -2 | -2 | -2 |
|--|--|----|----|----|----|----|----|----|

|  |    |            |            |            |            |            |            |            |
|--|----|------------|------------|------------|------------|------------|------------|------------|
| Total Inspector General for Tax Administration (net) ..... | BA | <b>112</b> | <b>118</b> | <b>122</b> | <b>125</b> | <b>128</b> | <b>130</b> | <b>133</b> |
|  | O  | 96         | 120        | 122        | 124        | 127        | 130        | 133        |

Treasury building and annex repair and restoration:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 803 BA | 23 | 31 | 33 | 34 | 34 | 35 | 36 |
| Outlays .....                      | O      | 25 | 25 | 52 | 56 | 34 | 35 | 36 |

Financial crimes enforcement network:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 751 BA | 28 | 37 | 45 | 46 | 47 | 48 | 49 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3  | 1  | 1  | 1  | 1  | 1  | 1  |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....   | O      | 29             | 34           | 44           | 47           | 48           | 49           | 50           |
| Financial crimes enforcement network (gross) .....                  | BA     | <b>31</b>      | <b>38</b>    | <b>46</b>    | <b>47</b>    | <b>48</b>    | <b>49</b>    | <b>50</b>    |
|   | O      | 29             | 34           | 44           | 47           | 48           | 49           | 50           |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-2</b>      | <b>2</b>     | <b>1</b>     |              |              |              |              |
| Total, offsetting collections (cash) .....                          |        | -1             | -1           | -2           | -1           | -1           | -1           | -1           |
| Total Financial crimes enforcement network (net) .....              | BA     | <b>28</b>      | <b>39</b>    | <b>45</b>    | <b>46</b>    | <b>47</b>    | <b>48</b>    | <b>49</b>    |
|   | O      | 28             | 33           | 42           | 46           | 47           | 48           | 49           |
| <b>Expanded access to financial services:</b>                       |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 808 BA |                | <b>10</b>    |              |              |              |              |              |
| Outlays .....   | O      |                | 7            | 3            |              |              |              |              |
| <b>Counterterrorism fund:</b>                                       |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 751 BA |                | <b>55</b>    | <b>45</b>    | <b>46</b>    | <b>47</b>    | <b>48</b>    | <b>49</b>    |
| Outlays .....   | O      | 3              | 55           | 45           | 46           | 47           | 48           | 49           |
| <b>United States community adjustment and investment program:</b>   |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 451 BA | <b>8</b>       |              | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     |
| Outlays .....   | O      | 6              | 8            | 1            | 2            | 2            | 2            | 2            |
| <b>Violent crime reduction program:</b>                             |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 751 BA | <b>115</b>     |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>1</b>       |              |              |              |              |              |              |
| Outlays .....   | O      | 98             | 160          | 24           |              |              |              |              |
| Violent crime reduction program (gross) .....                       | BA     | <b>116</b>     |              |              |              |              |              |              |
|   | O      | 98             | 160          | 24           |              |              |              |              |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>8</b>       | <b>3</b>     |              |              |              |              |              |
| Total, offsetting collections (cash) .....                          |        | -9             | -3           |              |              |              |              |              |
| Total Violent crime reduction program (net) .....                   | BA     | <b>115</b>     |              |              |              |              |              |              |
|   | O      | 89             | 157          | 24           |              |              |              |              |
| <b>Treasury forfeiture fund:</b>                                    |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                                      | 751 BA | <b>226</b>     | <b>221</b>   | <b>221</b>   | <b>221</b>   | <b>221</b>   | <b>221</b>   | <b>221</b>   |
| Outlays .....   | O      | 347            | 249          | 249          | 249          | 249          | 249          | 249          |
| <b>Presidential election campaign fund:</b>                         |        |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                                      | 808 BA | <b>61</b>      | <b>61</b>    | <b>61</b>    | <b>61</b>    | <b>61</b>    | <b>61</b>    | <b>61</b>    |
| Outlays .....   | O      | 211            | 5            |              | 30           | 218          | 3            |              |
| <b>Sallie Mae assessments:</b>                                      |        |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 808 BA | <b>1</b>       | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     |
| Outlays .....   | O      | 1              | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Public Enterprise Funds:</b>                                     |        |                |              |              |              |              |              |              |
| <b>Exchange stabilization fund:</b>                                 |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....     | 155 BA | <b>1,160</b>   | <b>1,273</b> | <b>1,246</b> | <b>1,357</b> | <b>1,438</b> | <b>1,488</b> | <b>1,513</b> |
| Exchange stabilization fund (gross) .....                           | BA     | <b>1,160</b>   | <b>1,273</b> | <b>1,246</b> | <b>1,357</b> | <b>1,438</b> | <b>1,488</b> | <b>1,513</b> |
| Total, offsetting collections (cash) .....                          |        | -1,160         | -1,273       | -1,246       | -1,357       | -1,438       | -1,488       | -1,513       |
| Total Exchange stabilization fund (net) .....                       | BA     |                |              |              |              |              |              |              |
|   | O      | -1,160         | -1,273       | -1,246       | -1,357       | -1,438       | -1,488       | -1,513       |
| <b>Intragovernmental Funds:</b>                                     |        |                |              |              |              |              |              |              |
| <b>Working capital fund:</b>  |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....     | 803 BA | <b>254</b>     | <b>297</b>   | <b>276</b>   | <b>276</b>   | <b>282</b>   | <b>290</b>   | <b>296</b>   |
| Outlays .....   | O      | 218            | 297          | 276          | 276          | 282          | 290          | 296          |
| Working capital fund (gross) .....                                  | BA     | <b>254</b>     | <b>297</b>   | <b>276</b>   | <b>276</b>   | <b>282</b>   | <b>290</b>   | <b>296</b>   |
|   | O      | 218            | 297          | 276          | 276          | 282          | 290          | 296          |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-4</b>      |              |              |              |              |              |              |
| Total, offsetting collections (cash) .....                          |        | -250           | -297         | -276         | -276         | -282         | -290         | -296         |
| Total Working capital fund (net) .....                              | BA     |                |              |              |              |              |              |              |
|   | O      | -32            |              |              |              |              |              |              |
| <b>Treasury franchise fund:</b>                                     |        |                |              |              |              |              |              |              |
| Spending authority from offsetting collections, discretionary ..... | 803 BA | <b>209</b>     | <b>172</b>   | <b>200</b>   | <b>130</b>   | <b>135</b>   | <b>140</b>   | <b>145</b>   |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            |            |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....   | O      | 152            | 160        | 211        | 125        | 141        | 139        | 144        |
| Treasury franchise fund (gross) .....   | BA     | <b>209</b>     | <b>172</b> | <b>200</b> | <b>130</b> | <b>135</b> | <b>140</b> | <b>145</b> |
|   | O      | 152            | 160        | 211        | 125        | 141        | 139        | 144        |
| Change in uncollected customer payments from Federal sources .....            | BA     | <b>-36</b>     | <b>25</b>  | <b>20</b>  | <b>-10</b> | <b>-10</b> | <b>-10</b> | <b>-10</b> |
| Total, offsetting collections (cash) .....                                    |        | -173           | -197       | -220       | -120       | -125       | -130       | -135       |
| Total Treasury franchise fund (net) .....                                     | BA     |                |            |            |            |            |            |            |
|   | O      | -21            | -37        | -9         | 5          | 16         | 9          | 9          |
| <b>Credit Accounts:</b>   |        |                |            |            |            |            |            |            |
| Community development financial institutions fund program account:            |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....  | 451 BA | <b>115</b>     | <b>118</b> | <b>68</b>  | <b>70</b>  | <b>71</b>  | <b>73</b>  | <b>74</b>  |
| Appropriation, mandatory .....  | BA     | <b>1</b>       |            |            |            |            |            |            |
| Outlays .....   | O      | 97             | 115        | 114        | 103        | 78         | 72         | 72         |
| Limitation on direct loan activity .....                                      |        | (53)           | (53)       | (15)       | (15)       | (16)       | (16)       | (16)       |
| Total Community development financial institutions fund program account ..... | BA     | <b>116</b>     | <b>118</b> | <b>68</b>  | <b>70</b>  | <b>71</b>  | <b>73</b>  | <b>74</b>  |
|   | O      | 97             | 115        | 114        | 103        | 78         | 72         | 72         |
| Total Federal funds Departmental Offices .....                                | BA     | <b>915</b>     | <b>912</b> | <b>885</b> | <b>900</b> | <b>912</b> | <b>925</b> | <b>940</b> |
|   | O      | -82            | -243       | -304       | -410       | -322       | -586       | -601       |

**Federal Law Enforcement Training Center**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 751 BA | <b>79</b>  | <b>99</b>  | <b>101</b> | <b>103</b> | <b>106</b> | <b>108</b> | <b>110</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>21</b>  | <b>27</b>  | <b>27</b>  | <b>36</b>  | <b>33</b>  | <b>36</b>  | <b>36</b>  |
| Outlays .....   | O      | 116        | 129        | 134        | 139        | 138        | 144        | 146        |
| Salaries and expenses (gross) .....                                 | BA     | <b>100</b> | <b>126</b> | <b>128</b> | <b>139</b> | <b>139</b> | <b>144</b> | <b>146</b> |
|   | O      | 116        | 129        | 134        | 139        | 138        | 144        | 146        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>11</b>  | <b>10</b>  |            |            | <b>3</b>   |            |            |
| Total, offsetting collections (cash) .....                          |        | -33        | -37        | -27        | -36        | -36        | -36        | -36        |
| Total Salaries and expenses (net) .....                             | BA     | <b>78</b>  | <b>99</b>  | <b>101</b> | <b>103</b> | <b>106</b> | <b>108</b> | <b>110</b> |
|   | O      | 83         | 92         | 107        | 103        | 102        | 108        | 110        |
| Acquisition, construction, improvements, and related expenses:      |        |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 751 BA | <b>21</b>  | <b>54</b>  | <b>22</b>  | <b>22</b>  | <b>23</b>  | <b>24</b>  | <b>24</b>  |
| Outlays .....   | O      | 35         | 40         | 44         | 38         | 23         | 23         | 23         |
| Total Federal funds Federal Law Enforcement Training Center .....   | BA     | <b>99</b>  | <b>153</b> | <b>123</b> | <b>125</b> | <b>129</b> | <b>132</b> | <b>134</b> |
|   | O      | 118        | 132        | 151        | 141        | 125        | 131        | 133        |

**Interagency Law Enforcement**

*Federal funds*

**General and Special Funds:**

Interagency crime and drug enforcement:

|                                    |        |           |            |            |            |            |            |            |
|------------------------------------|--------|-----------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary ..... | 751 BA | <b>75</b> | <b>103</b> | <b>106</b> | <b>108</b> | <b>111</b> | <b>113</b> | <b>116</b> |
| Outlays .....                      | O      | 50        | 85         | 87         | 106        | 109        | 111        | 114        |

**Financial Management Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 803 BA | <b>200</b> | <b>206</b> | <b>212</b> | <b>217</b> | <b>222</b> | <b>227</b> | <b>232</b> |
| Appropriation, mandatory .....                                      | BA     | <b>16</b>  | <b>19</b>  | <b>24</b>  | <b>26</b>  | <b>26</b>  | <b>26</b>  | <b>26</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>110</b> | <b>110</b> | <b>99</b>  | <b>130</b> | <b>135</b> | <b>140</b> | <b>145</b> |
| Outlays .....   | O      | 327        | 332        | 354        | 398        | 381        | 391        | 402        |
| Salaries and expenses (gross) .....                                 | BA     | <b>326</b> | <b>335</b> | <b>335</b> | <b>373</b> | <b>383</b> | <b>393</b> | <b>403</b> |
|   | O      | 327        | 332        | 354        | 398        | 381        | 391        | 402        |
| Change in uncollected customer payments from Federal sources .....  | BA     | <b>-12</b> |            |            |            |            |            |            |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       | 2006  |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  |       |
| Total, offsetting collections (cash) .....                          |        | -98            | -110     | -99   | -135  | -135  | -140  | -145  |
| Total Salaries and expenses (net) .....                             | BA     | 216            | 225      | 236   | 238   | 248   | 253   | 258   |
|   | O      | 229            | 222      | 255   | 263   | 246   | 251   | 257   |
| Payment to the Resolution Funding Corporation:                      |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 1,164          | 1,728    | 1,357 | 2,124 | 2,231 | 2,117 | 2,188 |
| Outlays .....   | O      | 1,164          | 1,728    | 1,357 | 2,124 | 2,231 | 2,117 | 2,188 |
| Payment to terrestrial wildlife habitat restoration trust fund:     |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 306 BA | 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 | 127            | 129      | 132   | 135   | 139   | 143   | 147   |
| Outlays .....   | O      | 83             | 129      | 132   | 135   | 139   | 143   | 147   |
| Interest on uninvested funds:                                       |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 6              | 6        | 6     | 6     | 6     | 6     | 6     |
| Outlays .....   | O      | 5              | 5        | 5     | 5     | 5     | 5     | 5     |
| Federal interest liabilities to States:                             |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 10             | 14       | 13    | 12    | 11    | 10    | 10    |
| Outlays .....   | O      | 9              | 14       | 13    | 12    | 11    | 10    | 10    |
| Interest paid to credit financing accounts:                         |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 908 BA | 4,287          | 3,787    | 3,734 | 3,731 | 3,748 | 3,759 | 3,787 |
| Outlays .....   | O      | 4,287          | 3,787    | 3,734 | 3,731 | 3,748 | 3,759 | 3,787 |
| Claims, judgments, and relief acts:                                 |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 808 BA | 1,831          | 1,175    | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Outlays .....   | O      | 1,815          | 1,223    | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Payment of anti-terrorism judgments:                                |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 808 BA |                | 382      |       |       |       |       |       |
| Outlays .....   | O      |                | 382      |       |       |       |       |       |
| Biomass energy development:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 271 BA | -49            | -2       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4              | 4        | 4     |       |       |       |       |
| Outlays .....   | O      |                |          |       |       |       |       |       |
| Biomass energy development (gross) .....                            | BA     | -45            | 2        | 4     |       |       |       |       |
|   | O      |                |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                          |        | -4             | -4       | -4    |       |       |       |       |
| Total Biomass energy development (net) .....                        | BA     | -49            | -2       |       |       |       |       |       |
|   | O      | -4             | -4       | -4    |       |       |       |       |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Check forgery insurance fund:                                       |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 803 BA | 10             | 4        | 3     | 3     | 2     | 1     | 1     |
| Spending authority from offsetting collections, mandatory .....     | BA     | 25             | 23       | 25    | 17    | 18    | 9     | 9     |
| Outlays .....   | O      | 28             | 27       | 28    | 12    | 11    | 10    | 10    |
| Check forgery insurance fund (gross) .....                          | BA     | 35             | 27       | 28    | 20    | 20    | 10    | 10    |
|   | O      | 28             | 27       | 28    | 12    | 11    | 10    | 10    |
| Total, offsetting collections (cash) .....                          |        | -25            | -23      | -25   | -17   | -18   | -9    | -9    |
| Total Check forgery insurance fund (net) .....                      | BA     | 10             | 4        | 3     | 3     | 2     | 1     | 1     |
|   | O      | 3              | 4        | 3     | -5    | -7    | 1     | 1     |
| Total Federal funds Financial Management Service .....              | BA     | 7,607          | 7,453    | 6,486 | 7,254 | 7,390 | 7,294 | 7,402 |
|   | O      | 7,596          | 7,495    | 6,500 | 7,270 | 7,378 | 7,291 | 7,400 |

**Federal Financing Bank**

*Federal funds*

**Intragovernmental Funds:**

Federal Financing Bank:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Authority to borrow, mandatory .....                            | 803 BA | 5     | 17    | 15    | 18    | 21    | 25    | 28    |
| Spending authority from offsetting collections, mandatory ..... | BA     | 3,280 | 3,353 | 3,461 | 3,152 | 3,016 | 2,802 | 2,510 |
| Outlays .....   | O      | 3,314 | 3,374 | 3,476 | 3,170 | 3,037 | 2,827 | 2,538 |
| Federal Financing Bank (gross) .....                            | BA     | 3,285 | 3,370 | 3,476 | 3,170 | 3,037 | 2,827 | 2,538 |
|   | O      | 3,314 | 3,374 | 3,476 | 3,170 | 3,037 | 2,827 | 2,538 |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account                                    |    | 2000<br>actual | estimate |        |        |        |        |        |
|--|----|----------------|----------|--------|--------|--------|--------|--------|
|  |    |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Total, offsetting collections (cash) ..... |    | -3,280         | -3,353   | -3,461 | -3,152 | -3,016 | -2,802 | -2,510 |
| Total Federal Financing Bank (net) .....   | BA | 5              | 17       | 15     | 18     | 21     | 25     | 28     |
|  | O  | 34             | 21       | 15     | 18     | 21     | 25     | 28     |

**Bureau of Alcohol, Tobacco and Firearms**  
*Federal funds*

**General and Special Funds:**

|   |        |     |       |       |       |       |       |       |
|---|--------|-----|-------|-------|-------|-------|-------|-------|
| Salaries and expenses:  |        |     |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 751 BA | 562 | 771   | 804   | 822   | 840   | 859   | 878   |
| Reappropriation, discretionary .....                                | BA     | 2   |       |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | BA     | 47  | 50    | 47    | 47    | 47    | 47    | 47    |
| Outlays .....   | O      | 555 | 788   | 850   | 895   | 885   | 904   | 923   |
| Salaries and expenses (gross) .....                                 | BA     | 611 | 821   | 851   | 869   | 887   | 906   | 925   |
|   | O      | 555 | 788   | 850   | 895   | 885   | 904   | 923   |
| Change in uncollected customer payments from Federal sources .....  | BA     | -38 |       |       |       |       |       |       |
| Total, offsetting collections (cash) .....                          |        | -9  | -50   | -47   | -47   | -47   | -47   | -47   |
| Total Salaries and expenses (net) .....                             | BA     | 564 | 771   | 804   | 822   | 840   | 859   | 878   |
|   | O      | 546 | 738   | 803   | 848   | 838   | 857   | 876   |
| Laboratory facilities and headquarters:                             |        |     |       |       |       |       |       |       |
| Outlays .....   | 751 O  | 11  | 30    | 20    |       |       |       |       |
| Internal revenue collections for Puerto Rico:                       |        |     |       |       |       |       |       |       |
| Appropriation, mandatory .....                                      | 806 BA | 297 | 315   | 246   | 235   | 235   | 235   | 235   |
| Outlays .....   | O      | 297 | 315   | 246   | 235   | 235   | 235   | 235   |
| Total Federal funds Bureau of Alcohol, Tobacco and Firearms .....   | BA     | 861 | 1,086 | 1,050 | 1,057 | 1,075 | 1,094 | 1,113 |
|   | O      | 854 | 1,083 | 1,069 | 1,083 | 1,073 | 1,092 | 1,111 |

**United States Customs Service**  
*Federal funds*

**General and Special Funds:**

|  |        |       |       |       |       |       |       |       |
|--|--------|-------|-------|-------|-------|-------|-------|-------|
| Salaries and expenses:   |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....   | 751 BA | 1,723 | 1,882 | 1,962 | 2,006 | 2,050 | 2,096 | 2,143 |
| Appropriation, mandatory .....   | BA     | 299   | 300   | 320   | 351   | 386   | 424   | 465   |
| Spending authority from offsetting collections, discretionary .....                            | BA     | 542   | 448   | 455   | 490   | 529   | 571   | 617   |
| Outlays .....  | O      | 2,608 | 2,432 | 2,727 | 2,839 | 2,957 | 3,084 | 3,217 |
| Salaries and expenses (gross) .....  | BA     | 2,564 | 2,630 | 2,737 | 2,847 | 2,965 | 3,091 | 3,225 |
|  | O      | 2,608 | 2,432 | 2,727 | 2,839 | 2,957 | 3,084 | 3,217 |
| Change in uncollected customer payments from Federal sources .....                             | BA     | -11   | 54    | 46    |       |       |       |       |
| Adjustment to uncollected customer payments from Federal sources .....                         | BA     | -7    |       |       |       |       |       |       |
| Total, offsetting collections (cash) .....   |        | -525  | -502  | -501  | -490  | -529  | -571  | -617  |
| Total Salaries and expenses (net) .....  | BA     | 2,021 | 2,182 | 2,282 | 2,357 | 2,436 | 2,520 | 2,608 |
|  | O      | 2,083 | 1,930 | 2,226 | 2,349 | 2,428 | 2,513 | 2,600 |
| Operation, maintenance and procurement, air and marine interdiction programs:                  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....   | 751 BA | 177   | 140   | 163   | 167   | 170   | 174   | 178   |
| Spending authority from offsetting collections, discretionary .....                            | BA     | 3     |       | 1     |       |       |       |       |
| Outlays .....  | O      | 190   | 180   | 180   | 207   | 211   | 215   | 206   |
| Operation, maintenance and procurement, air and marine interdiction programs (gross) .....     | BA     | 180   | 140   | 164   | 167   | 170   | 174   | 178   |
|  | O      | 190   | 180   | 180   | 207   | 211   | 215   | 206   |
| Change in uncollected customer payments from Federal sources .....                             | BA     | 3     |       |       |       |       |       |       |
| Total, offsetting collections (cash) .....   |        | -6    |       | -1    |       |       |       |       |
| Total Operation, maintenance and procurement, air and marine interdiction programs (net) ..... | BA     | 177   | 140   | 163   | 167   | 170   | 174   | 178   |
|  | O      | 184   | 180   | 179   | 207   | 211   | 215   | 206   |
| Automation modernization:  |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....   | 751 BA |       | 258   | 258   | 264   | 270   | 276   | 282   |
| Outlays .....  | O      |       | 142   | 214   | 242   | 259   | 272   | 277   |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Customs facilities, construction, improvements and related expenses:         |        |                |          |       |       |       |       |       |
| Outlays .....  | 751 O  | 1              | 1        | 5     | 4     | 4     | 1     |       |
| Continued dumping and subsidy offset:  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 751 BA |                |          | 200   | 200   | 200   | 200   | 200   |
| Outlays .....  | O      |                |          | 200   | 200   | 200   | 200   | 200   |
| Customs services at small airports:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 751 BA | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| Spending authority from offsetting collections, discretionary .....          | BA     | 1              | 1        | 1     |       |       |       |       |
| Outlays .....  | O      | 3              | 5        | 5     | 4     | 4     | 3     | 3     |
| Customs services at small airports (gross) .....                             | BA     | 4              | 4        | 4     | 3     | 3     | 3     | 3     |
|  | O      | 3              | 5        | 5     | 4     | 4     | 3     | 3     |
| Total, offsetting collections (cash) .....                                   |        | -1             | -1       | -1    |       |       |       |       |
| Total Customs services at small airports (net) .....                         | BA     | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O      | 2              | 4        | 4     | 4     | 4     | 3     | 3     |
| Refunds, transfers, and expenses of operation, Puerto Rico:                  |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 806 BA | 90             | 96       | 101   | 96    | 96    | 96    | 96    |
| Spending authority from offsetting collections, mandatory .....              | BA     | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....  | O      | 94             | 100      | 105   | 100   | 100   | 100   | 100   |
| Refunds, transfers, and expenses of operation, Puerto Rico (gross) .....     | BA     | 94             | 100      | 105   | 100   | 100   | 100   | 100   |
|  | O      | 94             | 100      | 105   | 100   | 100   | 100   | 100   |
| Total, offsetting collections (cash) .....                                   |        | -4             | -4       | -4    | -4    | -4    | -4    | -4    |
| Total Refunds, transfers, and expenses of operation, Puerto Rico (net) ..... | BA     | 90             | 96       | 101   | 96    | 96    | 96    | 96    |
|  | O      | 90             | 96       | 101   | 96    | 96    | 96    | 96    |
| <i>Trust funds</i>   |        |                |          |       |       |       |       |       |
| Harbor maintenance fee collection:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 751 BA | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| Outlays .....  | O      | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| Refunds, transfers and expenses, Unclaimed and abandoned goods:              |        |                |          |       |       |       |       |       |
| Appropriation, mandatory .....   | 751 BA | 6              | 6        | 6     | 7     | 7     | 7     | 8     |
| Outlays .....  | O      | 5              | 5        | 5     | 7     | 7     | 7     | 8     |
| Total Federal funds United States Customs Service .....                      | BA     | 2,291          | 2,679    | 3,007 | 3,087 | 3,175 | 3,269 | 3,367 |
|  | O      | 2,360          | 2,353    | 2,929 | 3,102 | 3,202 | 3,300 | 3,382 |
| Total Trust funds United States Customs Service .....                        | BA     | 9              | 9        | 9     | 10    | 10    | 10    | 11    |
|  | O      | 8              | 8        | 8     | 10    | 10    | 10    | 11    |

**Bureau of Engraving and Printing**

*Federal funds*

**Intragovernmental Funds:**

|   |        |      |      |      |      |      |      |      |
|---|--------|------|------|------|------|------|------|------|
| Bureau of Engraving and Printing fund:                              |        |      |      |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary ..... | 803 BA | 471  | 417  | 450  | 475  | 499  | 524  | 550  |
| Outlays .....   | O      | 411  | 427  | 470  | 475  | 499  | 524  | 550  |
| Bureau of Engraving and Printing fund (gross) .....                 | BA     | 471  | 417  | 450  | 475  | 499  | 524  | 550  |
|   | O      | 411  | 427  | 470  | 475  | 499  | 524  | 550  |
| Total, offsetting collections (cash) .....                          |        | -471 | -417 | -450 | -475 | -499 | -524 | -550 |
| Total Bureau of Engraving and Printing fund (net) .....             | BA     |      |      |      |      |      |      |      |
|   | O      | -60  | 10   | 20   |      |      |      |      |

**United States Mint**

*Federal funds*

**Public Enterprise Funds:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| United States Mint public enterprise fund:                          |        |       |       |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 803 BA |       | 18    | 18    | 18    | 19    | 19    | 20    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1,423 | 1,152 | 1,218 | 1,218 | 1,218 | 1,218 | 1,218 |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate     |              |              |              |              |              |
|---|----|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |    |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....   | O  | 1,266          | 1,310        | 1,236        | 1,236        | 1,237        | 1,237        | 1,238        |
| United States Mint public enterprise fund (gross) .....     | BA | <b>1,423</b>   | <b>1,170</b> | <b>1,236</b> | <b>1,236</b> | <b>1,237</b> | <b>1,237</b> | <b>1,238</b> |
|   | O  | 1,266          | 1,310        | 1,236        | 1,236        | 1,237        | 1,237        | 1,238        |
| Total, offsetting collections (cash) .....                  |    | -1,423         | -1,152       | -1,218       | -1,218       | -1,218       | -1,218       | -1,218       |
| Total United States Mint public enterprise fund (net) ..... | BA | .....          | <b>18</b>    | <b>18</b>    | <b>18</b>    | <b>19</b>    | <b>19</b>    | <b>20</b>    |
|   | O  | -157           | 158          | 18           | 18           | 19           | 19           | 20           |

**Bureau of the Public Debt**

*Federal funds*

**General and Special Funds:**

Administering the public debt:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 803 BA | 177        | 183        | 185        | 189        | 193        | 198        | 202        |
| Appropriation, mandatory .....                                      | BA     | 139        | 162        | 138        | 138        | 138        | 138        | 138        |
| Spending authority from offsetting collections, discretionary ..... | BA     | 8          | 9          | 9          | 9          | 9          | 9          | 9          |
| Outlays .....   | O      | 327        | 385        | 339        | 336        | 341        | 345        | 350        |
| Administering the public debt (gross) .....                         | BA     | <b>324</b> | <b>354</b> | <b>332</b> | <b>336</b> | <b>340</b> | <b>345</b> | <b>349</b> |
|   | O      | 327        | 385        | 339        | 336        | 341        | 345        | 350        |

|  |    |       |    |       |       |       |       |       |
|--|----|-------|----|-------|-------|-------|-------|-------|
| Change in uncollected customer payments from Federal sources ..... | BA | ..... | 1  | ..... | ..... | ..... | ..... | ..... |
| Total, offsetting collections (cash) .....                         |    | -8    | -9 | -9    | -9    | -9    | -9    | -9    |

|   |    |            |            |            |            |            |            |            |
|---|----|------------|------------|------------|------------|------------|------------|------------|
| Total Administering the public debt (net) ..... | BA | <b>316</b> | <b>346</b> | <b>323</b> | <b>327</b> | <b>331</b> | <b>336</b> | <b>340</b> |
|   | O  | 319        | 376        | 330        | 327        | 332        | 336        | 341        |

Payment of Government losses in shipment:

|                                |        |       |   |       |       |       |       |       |
|--------------------------------|--------|-------|---|-------|-------|-------|-------|-------|
| Appropriation, mandatory ..... | 803 BA | ..... | 1 | ..... | ..... | ..... | ..... | ..... |
| Outlays .....                  | O      | ..... | 1 | ..... | ..... | ..... | ..... | ..... |

|   |    |            |            |            |            |            |            |            |
|---|----|------------|------------|------------|------------|------------|------------|------------|
| Total Federal funds Bureau of the Public Debt ..... | BA | <b>316</b> | <b>347</b> | <b>323</b> | <b>327</b> | <b>331</b> | <b>336</b> | <b>340</b> |
|   | O  | 319        | 377        | 330        | 327        | 332        | 336        | 341        |

**Internal Revenue Service**

*Federal funds*

**General and Special Funds:**

Processing, assistance, and management:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 803 BA | 3,338 | 3,694 | 3,783 | 3,867 | 3,954 | 4,042 | 4,132 |
| Appropriation, mandatory .....                                      | BA     | 7     | 7     | 7     | 7     | 7     | 7     | 7     |
| Reappropriation, discretionary .....                                | BA     | 3     | ..... | ..... | ..... | ..... | ..... | ..... |
| Spending authority from offsetting collections, discretionary ..... | BA     | 27    | 26    | 26    | 26    | 26    | 26    | 26    |
| Outlays .....   | O      | 3,351 | 3,694 | 3,808 | 3,892 | 3,979 | 4,067 | 4,157 |

|  |    |              |              |              |              |              |              |              |
|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Processing, assistance, and management (gross) ..... | BA | <b>3,375</b> | <b>3,727</b> | <b>3,816</b> | <b>3,900</b> | <b>3,987</b> | <b>4,075</b> | <b>4,165</b> |
|  | O  | 3,351        | 3,694        | 3,808        | 3,892        | 3,979        | 4,067        | 4,157        |

|  |  |     |     |     |     |     |     |     |
|--|--|-----|-----|-----|-----|-----|-----|-----|
| Total, offsetting collections (cash) ..... |  | -27 | -26 | -26 | -26 | -26 | -26 | -26 |
|--|--|-----|-----|-----|-----|-----|-----|-----|

|  |    |              |              |              |              |              |              |              |
|--|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Processing, assistance, and management (net) ..... | BA | <b>3,348</b> | <b>3,701</b> | <b>3,790</b> | <b>3,874</b> | <b>3,961</b> | <b>4,049</b> | <b>4,139</b> |
|  | O  | 3,324        | 3,668        | 3,782        | 3,866        | 3,953        | 4,041        | 4,131        |

Tax law enforcement

(Federal law enforcement activities):

|                                      |        |     |     |     |     |     |     |     |
|--------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| (Appropriation, discretionary) ..... | 751 BA | 379 | 374 | 390 | 399 | 408 | 417 | 426 |
| (Outlays) .....                      | O      | 377 | 374 | 389 | 398 | 407 | 416 | 425 |

(Central fiscal operations):

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| (Appropriation, discretionary) .....                                  | 803 BA | 2,857 | 3,008 | 3,143 | 3,213 | 3,285 | 3,358 | 3,433 |
| (Appropriation, mandatory) .....                                      | BA     | 47    | 47    | 47    | 47    | 47    | 47    | 47    |
| (Reappropriation, discretionary) .....                                | BA     | 2     | ..... | ..... | ..... | ..... | ..... | ..... |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 62    | 62    | 62    | 62    | 62    | 62    | 62    |
| (Outlays) .....   | O      | 2,889 | 3,108 | 3,242 | 3,316 | 3,388 | 3,461 | 3,536 |

|                                   |    |              |              |              |              |              |              |              |
|-----------------------------------|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Tax law enforcement (gross) ..... | BA | <b>3,347</b> | <b>3,491</b> | <b>3,642</b> | <b>3,721</b> | <b>3,802</b> | <b>3,884</b> | <b>3,968</b> |
|                                   | O  | 3,266        | 3,482        | 3,631        | 3,714        | 3,795        | 3,877        | 3,961        |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate     |                 |                    |                    |                    | 2006               |
|--|--------|----------------|--------------|-----------------|--------------------|--------------------|--------------------|--------------------|
|  |        |                | 2001         | 2002            | 2003               | 2004               | 2005               |                    |
| Total, offsetting collections (cash) .....                                       |        | -62            | -62          | -62             | -62                | -62                | -62                | -62                |
| Total (Central fiscal operations) (net) .....                                    | BA     | <b>2,906</b>   | <b>3,055</b> | <b>3,190</b>    | <b>3,260</b>       | <b>3,332</b>       | <b>3,405</b>       | <b>3,480</b>       |
|  | O      | 2,827          | 3,046        | 3,180           | 3,254              | 3,326              | 3,399              | 3,474              |
| Total Tax law enforcement .....  | BA     | <b>3,285</b>   | <b>3,429</b> | <b>3,580</b>    | <b>3,659</b>       | <b>3,740</b>       | <b>3,822</b>       | <b>3,906</b>       |
|  | O      | 3,204          | 3,420        | 3,569           | 3,652              | 3,733              | 3,815              | 3,899              |
| Earned income tax credit compliance initiative:                                  |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, discretionary .....   | 803 BA | 142            | 145          | 146             | 149                | 153                | 156                | 159                |
| Reappropriation, discretionary .....   | BA     | 2              |              |                 |                    |                    |                    |                    |
| Outlays .....  | O      | 135            | 145          | 146             | 149                | 152                | 156                | 159                |
| Total Earned income tax credit compliance initiative .....                       | BA     | <b>144</b>     | <b>145</b>   | <b>146</b>      | <b>149</b>         | <b>153</b>         | <b>156</b>         | <b>159</b>         |
|  | O      | 135            | 145          | 146             | 149                | 152                | 156                | 159                |
| Information systems:   |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, discretionary .....   | 803 BA | 1,495          | 1,550        | 1,563           | 1,598              | 1,633              | 1,670              | 1,707              |
| Appropriation, mandatory .....   | BA     | 7              | 7            | 7               | 7                  | 7                  | 7                  | 7                  |
| Spending authority from offsetting collections, discretionary .....              | BA     | 9              | 9            | 9               | 9                  | 9                  | 9                  | 9                  |
| Outlays .....  | O      | 1,656          | 1,591        | 1,481           | 1,526              | 1,636              | 1,671              | 1,708              |
| Information systems (gross) .....  | BA     | <b>1,511</b>   | <b>1,566</b> | <b>1,579</b>    | <b>1,614</b>       | <b>1,649</b>       | <b>1,686</b>       | <b>1,723</b>       |
|  | O      | 1,656          | 1,591        | 1,481           | 1,526              | 1,636              | 1,671              | 1,708              |
| Total, offsetting collections (cash) .....                                       |        | -9             | -9           | -9              | -9                 | -9                 | -9                 | -9                 |
| Total Information systems (net) .....  | BA     | <b>1,502</b>   | <b>1,557</b> | <b>1,570</b>    | <b>1,605</b>       | <b>1,640</b>       | <b>1,677</b>       | <b>1,714</b>       |
|  | O      | 1,647          | 1,582        | 1,472           | 1,517              | 1,627              | 1,662              | 1,699              |
| Business systems modernization:  |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, discretionary .....   | 803 BA |                | 72           | 397             | 406                | 415                | 424                | 434                |
| Outlays .....  | O      | 76             | 212          | 412             | 413                | 409                | 418                | 427                |
| Payment where earned income credit exceeds liability for tax:                    |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, mandatory .....   | 609 BA | 26,099         | 25,923       | 26,983          | 27,875             | 28,545             | 29,373             | 30,165             |
| Outlays .....  | O      | 26,099         | 25,923       | 26,983          | 27,875             | 28,545             | 29,373             | 30,165             |
| Payment where child credit exceeds liability for tax<br>(Other income security): |        |                |              |                 |                    |                    |                    |                    |
| (Appropriation, mandatory) .....   | 609 BA | 809            | 790          | 760             | 720                | 660                | 630                | 590                |
|  |        |                |              |                 | <sup>B</sup> 215   | <sup>B</sup> 453   | <sup>B</sup> 710   | <sup>B</sup> 960   |
| (Outlays) .....  | O      | 809            | 790          | 760             | 720                | 660                | 630                | 590                |
|  |        |                |              |                 | <sup>B</sup> 215   | <sup>B</sup> 453   | <sup>B</sup> 710   | <sup>B</sup> 960   |
| Total (Other income security) .....  | BA     | <b>809</b>     | <b>790</b>   | <b>760</b>      | <b>935</b>         | <b>1,113</b>       | <b>1,340</b>       | <b>1,550</b>       |
|  | O      | 809            | 790          | 760             | 935                | 1,113              | 1,340              | 1,550              |
| Total Payment where child credit exceeds liability for tax .....                 | BA     | <b>809</b>     | <b>790</b>   | <b>760</b>      | <b>935</b>         | <b>1,113</b>       | <b>1,340</b>       | <b>1,550</b>       |
|  | O      | 809            | 790          | 760             | 935                | 1,113              | 1,340              | 1,550              |
| Payment where health care credit exceeds liability for tax:                      |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, mandatory .....   | 551 BA |                |              | <sup>B</sup> 81 | <sup>B</sup> 1,914 | <sup>B</sup> 1,221 | <sup>B</sup> 1,909 | <sup>B</sup> 2,027 |
| Outlays .....  | O      |                |              | <sup>B</sup> 81 | <sup>B</sup> 1,914 | <sup>B</sup> 1,221 | <sup>B</sup> 1,909 | <sup>B</sup> 2,027 |
| Refunding internal revenue collections, interest:                                |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, mandatory .....   | 908 BA | 2,684          | 2,791        | 2,913           | 3,025              | 3,143              | 3,221              | 3,297              |
| Outlays .....  | O      | 2,684          | 2,791        | 2,913           | 3,025              | 3,143              | 3,221              | 3,297              |
| Informant payments:  |        |                |              |                 |                    |                    |                    |                    |
| Appropriation, mandatory .....   | 803 BA | 10             | 10           | 8               | 8                  | 8                  | 8                  | 8                  |
| Outlays .....  | O      | 10             | 10           | 8               | 8                  | 8                  | 8                  | 8                  |
| <b>Public Enterprise Funds:</b>  |        |                |              |                 |                    |                    |                    |                    |
| Federal tax lien revolving fund:   |        |                |              |                 |                    |                    |                    |                    |
| Spending authority from offsetting collections, mandatory .....                  | 803 BA | 6              | 6            | 6               | 6                  | 6                  | 6                  | 6                  |
| Outlays .....  | O      | 8              | 8            | 8               | 6                  | 6                  | 6                  | 6                  |
| Federal tax lien revolving fund (gross) .....                                    | BA     | <b>6</b>       | <b>6</b>     | <b>6</b>        | <b>6</b>           | <b>6</b>           | <b>6</b>           | <b>6</b>           |
|  | O      | 8              | 8            | 8               | 6                  | 6                  | 6                  | 6                  |

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate      |               |               |               |               | 2006          |
|--|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |    |                | 2001          | 2002          | 2003          | 2004          | 2005          |               |
| Total, offsetting collections (cash) .....         |    | -6             | -6            | -6            | -6            | -6            | -6            | -6            |
| Total Federal tax lien revolving fund (net) .....  | BA |                |               |               |               |               |               |               |
|  | O  | 2              | 2             | 2             |               |               |               |               |
| Total Federal funds Internal Revenue Service ..... | BA | <b>37,881</b>  | <b>38,418</b> | <b>40,228</b> | <b>43,450</b> | <b>43,939</b> | <b>45,979</b> | <b>47,399</b> |
|  | O  | 37,990         | 38,543        | 40,128        | 43,354        | 43,904        | 45,943        | 47,362        |

**United States Secret Service**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |     |    |            |            |            |            |            |            |            |
|---|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 751 | BA | 707        | 825        | 857        | 876        | 896        | 916        | 936        |
| Reappropriation, discretionary .....                                |     | BA | 1          | 7          |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 57         | 12         | 4          |            |            |            |            |
| Outlays .....   |     | O  | 753        | 868        | 858        | 874        | 894        | 914        | 934        |
| Salaries and expenses (gross) .....                                 |     | BA | <b>765</b> | <b>844</b> | <b>861</b> | <b>876</b> | <b>896</b> | <b>916</b> | <b>936</b> |
|   |     | O  | 753        | 868        | 858        | 874        | 894        | 914        | 934        |
| Change in uncollected customer payments from Federal sources .....  |     | BA | -20        |            |            |            |            |            |            |
| Total, offsetting collections (cash) .....                          |     |    | -37        | -12        | -4         |            |            |            |            |
| Total Salaries and expenses (net) .....                             |     | BA | <b>708</b> | <b>832</b> | <b>857</b> | <b>876</b> | <b>896</b> | <b>916</b> | <b>936</b> |
|   |     | O  | 716        | 856        | 854        | 874        | 894        | 914        | 934        |

Acquisition, construction, improvements, and related expenses:

|   |     |    |          |          |          |          |          |          |          |
|---|-----|----|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, discretionary .....  | 751 | BA | 4        | 9        | 3        | 3        | 3        | 3        | 3        |
| Spending authority from offsetting collections, discretionary .....             |     | BA | 2        |          |          |          |          |          |          |
| Outlays .....   |     | O  | 17       | 5        | 3        | 6        | 3        | 3        | 3        |
| Acquisition, construction, improvements, and related expenses (gross) .....     |     | BA | <b>6</b> | <b>9</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> |
|   |     | O  | 17       | 5        | 3        | 6        | 3        | 3        | 3        |
| Total, offsetting collections (cash) .....                                      |     |    | -2       |          |          |          |          |          |          |
| Total Acquisition, construction, improvements, and related expenses (net) ..... |     | BA | <b>4</b> | <b>9</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> | <b>3</b> |
|   |     | O  | 15       | 5        | 3        | 6        | 3        | 3        | 3        |

Contribution for annuity benefits:

|  |     |    |            |              |              |              |              |              |              |
|--|-----|----|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....                         | 751 | BA | 130        | 200          | 200          | 200          | 200          | 200          | 200          |
| Outlays .....  |     | O  | 120        | 175          | 200          | 200          | 200          | 200          | 200          |
| Total Federal funds United States Secret Service ..... |     | BA | <b>842</b> | <b>1,041</b> | <b>1,060</b> | <b>1,079</b> | <b>1,099</b> | <b>1,119</b> | <b>1,139</b> |
|  |     | O  | 851        | 1,036        | 1,057        | 1,080        | 1,097        | 1,117        | 1,137        |

**Comptroller of the Currency**

*Trust funds*

Assessment funds:

|  |     |    |            |            |            |            |            |            |            |
|--|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Spending authority from offsetting collections, mandatory .....    | 373 | BA | 403        | 422        | 439        | 440        | 444        | 456        | 468        |
| Outlays .....  |     | O  | 384        | 401        | 427        | 424        | 434        | 446        | 458        |
| Assessment funds (gross) .....                                     |     | BA | <b>403</b> | <b>422</b> | <b>439</b> | <b>440</b> | <b>444</b> | <b>456</b> | <b>468</b> |
|  |     | O  | 384        | 401        | 427        | 424        | 434        | 446        | 458        |
| Change in uncollected customer payments from Federal sources ..... |     | BA | 3          | 3          |            |            |            |            |            |
| Total, offsetting collections (cash) .....                         |     |    | -406       | -425       | -439       | -440       | -444       | -456       | -468       |
| Total Assessment funds (net) .....                                 |     | BA |            |            |            |            |            |            |            |
|  |     | O  | -22        | -24        | -12        | -16        | -10        | -10        | -10        |

**Office of Thrift Supervision**

*Federal funds*

**Public Enterprise Funds:**

Office of Thrift Supervision:

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory ..... | 373 | BA | 144 | 158 | 160 | 167 | 170 | 174 | 174 |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|

**DEPARTMENT OF THE TREASURY—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate   |            |            |            |            |            |
|--|----|----------------|------------|------------|------------|------------|------------|------------|
|  |    |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....                                  | O  | 159            | 158        | 160        | 166        | 170        | 174        | 174        |
| Office of Thrift Supervision (gross) .....     | BA | <b>144</b>     | <b>158</b> | <b>160</b> | <b>167</b> | <b>170</b> | <b>174</b> | <b>174</b> |
|  | O  | 159            | 158        | 160        | 166        | 170        | 174        | 174        |
| Total, offsetting collections (cash) .....     |    | -144           | -158       | -160       | -167       | -170       | -174       | -174       |
| Total Office of Thrift Supervision (net) ..... | BA |                |            |            |            |            |            |            |
|  | O  | 15             |            |            | -1         |            |            |            |

**Interest on the Public Debt**

*Federal funds*

**General and Special Funds:**

Restoration of lost interest, Medicare trust funds:

|  |        |                |                |                |                |                |                |                |
|--|--------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Appropriation, mandatory .....                           | 908 BA | <b>121</b>     |                |                |                |                |                |                |
| Outlays .....  | O      | 121            |                |                |                |                |                |                |
| Interest on Treasury debt securities (gross):            |        |                |                |                |                |                |                |                |
| Appropriation, mandatory .....                           | 901 BA | <b>361,998</b> | <b>357,907</b> | <b>350,947</b> | <b>350,572</b> | <b>352,615</b> | <b>352,574</b> | <b>352,981</b> |
|  |        |                |                | J 4            | J -55          | J -125         | J -208         | J -291         |
| Outlays .....  | O      | 361,998        | 357,907        | 350,947        | 350,572        | 352,615        | 352,574        | 352,981        |
|  |        |                |                | J 4            | J -55          | J -125         | J -208         | J -291         |
| Total Interest on Treasury debt securities (gross) ..... | BA     | <b>361,998</b> | <b>357,907</b> | <b>350,951</b> | <b>350,517</b> | <b>352,490</b> | <b>352,366</b> | <b>352,690</b> |
|  | O      | 361,998        | 357,907        | 350,951        | 350,517        | 352,490        | 352,366        | 352,690        |
| Total Federal funds Interest on the Public Debt .....    | BA     | <b>362,119</b> | <b>357,907</b> | <b>350,951</b> | <b>350,517</b> | <b>352,490</b> | <b>352,366</b> | <b>352,690</b> |
|  | O      | 362,119        | 357,907        | 350,951        | 350,517        | 352,490        | 352,366        | 352,690        |

**Summary**

|  |          |                |                |                |                |                |                |                |
|--|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Federal funds:                             |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       | <b>413,011</b> | <b>410,134</b> | <b>404,252</b> | <b>407,940</b> | <b>410,691</b> | <b>412,671</b> | <b>414,688</b> |
|  | O        | 412,007        | 408,957        | 402,951        | 406,605        | 409,428        | 411,145        | 413,117        |
| Deductions for offsetting receipts:        |          |                |                |                |                |                |                |                |
| Intrafund transactions .....               | 803 BA/O | -10            | -10            | -10            | -10            | -10            | -10            | -10            |
|  | 808 BA/O | -159           |                |                |                |                |                |                |
|  | 809 BA/O | -254           | -100           | -107           | -100           | -100           | -100           | -100           |
|  | 908 BA/O | -3,865         | -3,392         | -3,678         | -3,035         | -3,251         | -3,415         | -3,501         |
| Proprietary receipts from the public ..... | 151 BA/O | -6             | -6             | -6             | -6             | -6             | -6             | -6             |
|  | 155 BA/O | -138           | -291           | -70            | -85            | -88            | -94            | -108           |
|  | 751 BA/O | -3             | -3             | -3             | -3             | -3             | -3             | -3             |
|  | 803 BA/O | -92            | -89            | -94            | -95            | -95            | -95            | -95            |
|  | 809 BA/O | -2,224         | -1,286         | -1,286         | -1,286         | -1,286         | -1,286         | -1,286         |
|  | 901 BA/O | -20            |                |                |                |                |                |                |
|  | 908 BA/O | -11,614        | -12,746        | -13,623        | -14,282        | -15,171        | -15,921        | -16,423        |
| Offsetting governmental receipts .....     | 751 BA/O | -1,279         | -1,300         | -1,340         | -1,392         |                |                |                |
| Total Federal funds .....                  | BA       | <b>393,347</b> | <b>390,911</b> | <b>384,035</b> | <b>387,646</b> | <b>390,681</b> | <b>391,741</b> | <b>393,156</b> |
|  | O        | 392,343        | 389,734        | 382,734        | 386,311        | 389,418        | 390,215        | 391,585        |
| Trust funds:                               |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA       | <b>9</b>       | <b>9</b>       | <b>9</b>       | <b>10</b>      | <b>10</b>      | <b>10</b>      | <b>11</b>      |
|  | O        | -14            | -16            | -4             | -6             |                |                | 1              |
| Interfund transactions .....               | 306 BA/O | -5             | -5             | -5             | -5             | -5             | -5             | -5             |
|  | 601 BA/O | -759           | -789           | -810           | -837           | -862           | -890           | -920           |
|  | 803 BA/O | -319           | -375           | -376           | -377           | -379           | -381           | -383           |
| Total Department of the Treasury .....     | BA       | <b>392,273</b> | <b>389,751</b> | <b>382,853</b> | <b>386,437</b> | <b>389,445</b> | <b>390,475</b> | <b>391,859</b> |
|  | O        | 391,246        | 388,549        | 381,539        | 385,086        | 388,172        | 388,939        | 390,278        |

**DEPARTMENT OF VETERANS AFFAIRS**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |        |        |        |        |        |
|---|--------|----------------|----------|--------|--------|--------|--------|--------|
|   |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>Veterans Health Administration</b>   |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>  |        |                |          |        |        |        |        |        |
| <b>General and Special Funds:</b>   |        |                |          |        |        |        |        |        |
| Medical care:   |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 703 BA | 19,462         | 20,810   | 21,600 | 22,082 | 22,574 | 23,077 | 23,592 |
| Appropriation, mandatory .....  | BA     |                |          | 121    | 250    | 250    | 250    | 250    |
| Spending authority from offsetting collections, discretionary .....           | BA     | 110            | 119      | 127    | 127    | 127    | 127    | 127    |
| Outlays .....   | O      | 19,359         | 20,726   | 21,859 | 22,441 | 22,950 | 23,445 | 23,958 |
| Medical care (gross) .....  | BA     | 19,572         | 20,929   | 21,848 | 22,459 | 22,951 | 23,454 | 23,969 |
|   | O      | 19,359         | 20,726   | 21,859 | 22,441 | 22,950 | 23,445 | 23,958 |
| Total, offsetting collections (cash) .....                                    |        | -110           | -119     | -127   | -127   | -127   | -127   | -127   |
| Total Medical care (net) .....  | BA     | 19,462         | 20,810   | 21,721 | 22,332 | 22,824 | 23,327 | 23,842 |
|   | O      | 19,249         | 20,607   | 21,732 | 22,314 | 22,823 | 23,318 | 23,831 |
| Medical and prosthetic research:  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 703 BA | 321            | 350      | 360    | 368    | 376    | 385    | 393    |
| Spending authority from offsetting collections, discretionary .....           | BA     | 27             | 33       | 33     | 33     | 33     | 33     | 33     |
| Outlays .....   | O      | 357            | 375      | 390    | 415    | 423    | 415    | 423    |
| Medical and prosthetic research (gross) .....                                 | BA     | 348            | 383      | 393    | 401    | 409    | 418    | 426    |
|   | O      | 357            | 375      | 390    | 415    | 423    | 415    | 423    |
| Total, offsetting collections (cash) .....                                    |        | -27            | -33      | -33    | -33    | -33    | -33    | -33    |
| Total Medical and prosthetic research (net) .....                             | BA     | 321            | 350      | 360    | 368    | 376    | 385    | 393    |
|   | O      | 330            | 342      | 357    | 382    | 390    | 382    | 390    |
| Medical administration and miscellaneous operating expenses:                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary .....  | 703 BA | 60             | 62       | 68     | 70     | 71     | 73     | 74     |
| Spending authority from offsetting collections, discretionary .....           | BA     | 7              | 7        | 7      | 7      | 7      | 7      | 7      |
| Outlays .....   | O      | 65             | 69       | 74     | 77     | 78     | 79     | 81     |
| Medical administration and miscellaneous operating expenses (gross) .....     | BA     | 67             | 69       | 75     | 77     | 78     | 80     | 81     |
|   | O      | 65             | 69       | 74     | 77     | 78     | 79     | 81     |
| Total, offsetting collections (cash) .....                                    |        | -7             | -7       | -7     | -7     | -7     | -7     | -7     |
| Total Medical administration and miscellaneous operating expenses (net) ..... | BA     | 60             | 62       | 68     | 70     | 71     | 73     | 74     |
|   | O      | 58             | 62       | 67     | 70     | 71     | 72     | 74     |
| <b>Public Enterprise Funds:</b>   |        |                |          |        |        |        |        |        |
| Veterans extended care revolving fund:  |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....               | 703 BA |                |          | 24     | 33     | 33     | 33     | 33     |
| Outlays .....   | O      |                |          | 22     | 33     | 33     | 33     | 33     |
| Veterans extended care revolving fund (gross) .....                           | BA     |                |          | 24     | 33     | 33     | 33     | 33     |
|   | O      |                |          | 22     | 33     | 33     | 33     | 33     |
| Total, offsetting collections (cash) .....                                    |        |                |          | -24    | -33    | -33    | -33    | -33    |
| Total Veterans extended care revolving fund (net) .....                       | BA     |                |          |        |        |        |        |        |
|   | O      |                |          | -2     |        |        |        |        |
| Medical facilities revolving fund:  |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....               | 703 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Outlays .....   | O      | 2              | 1        | 1      | 1      | 2      | 2      | 2      |
| Medical facilities revolving fund (gross) .....                               | BA     | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|   | O      | 2              | 1        | 1      | 1      | 2      | 2      | 2      |
| Total, offsetting collections (cash) .....                                    |        | -1             | -1       | -1     | -1     | -1     | -1     | -1     |
| Total Medical facilities revolving fund (net) .....                           | BA     |                |          |        |        |        |        |        |
|   | O      | 1              |          |        |        | 1      | 1      | 1      |
| Canteen service revolving fund:   |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory .....               | 705 BA | 220            | 229      | 232    | 235    | 238    | 241    | 244    |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate      |               |               |               |               |               |
|--|--------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |        |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Outlays .....  | O      | 218            | 231           | 234           | 235           | 238           | 241           | 244           |
| Canteen service revolving fund (gross) .....                             | BA     | <b>220</b>     | <b>229</b>    | <b>232</b>    | <b>235</b>    | <b>238</b>    | <b>241</b>    | <b>244</b>    |
|  | O      | 218            | 231           | 234           | 235           | 238           | 241           | 244           |
| Total, offsetting collections (cash) .....                               |        | -220           | -229          | -232          | -235          | -238          | -241          | -244          |
| Total Canteen service revolving fund (net) .....                         | BA     |                |               |               |               |               |               |               |
|  | O      | -2             | 2             | 2             |               |               |               |               |
| Special therapeutic and rehabilitation activities fund:                  |        |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....          | 703 BA | <b>39</b>      | <b>42</b>     | <b>41</b>     | <b>42</b>     | <b>43</b>     | <b>44</b>     | <b>45</b>     |
| Outlays .....  | O      | 37             | 40            | 39            | 40            | 41            | 42            | 43            |
| Special therapeutic and rehabilitation activities fund (gross) .....     | BA     | <b>39</b>      | <b>42</b>     | <b>41</b>     | <b>42</b>     | <b>43</b>     | <b>44</b>     | <b>45</b>     |
|  | O      | 37             | 40            | 39            | 40            | 41            | 42            | 43            |
| Total, offsetting collections (cash) .....                               |        | -39            | -42           | -41           | -42           | -43           | -44           | -45           |
| Total Special therapeutic and rehabilitation activities fund (net) ..... | BA     |                |               |               |               |               |               |               |
|  | O      | -2             | -2            | -2            | -2            | -2            | -2            | -2            |
| Medical center research organizations:                                   |        |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....          | 703 BA | <b>133</b>     | <b>136</b>    | <b>140</b>    | <b>144</b>    | <b>147</b>    | <b>151</b>    | <b>155</b>    |
| Outlays .....  | O      | 133            | 136           | 140           | 144           | 147           | 151           | 155           |
| Medical center research organizations (gross) .....                      | BA     | <b>133</b>     | <b>136</b>    | <b>140</b>    | <b>144</b>    | <b>147</b>    | <b>151</b>    | <b>155</b>    |
|  | O      | 133            | 136           | 140           | 144           | 147           | 151           | 155           |
| Total, offsetting collections (cash) .....                               |        | -133           | -136          | -140          | -144          | -147          | -151          | -155          |
| Total Medical center research organizations (net) .....                  | BA     |                |               |               |               |               |               |               |
|  | O      |                |               |               |               |               |               |               |
| <i>Trust funds</i>   |        |                |               |               |               |               |               |               |
| General post fund, national homes:                                       |        |                |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 705 BA | <b>32</b>      | <b>32</b>     | <b>34</b>     | <b>36</b>     | <b>37</b>     | <b>38</b>     | <b>39</b>     |
| Outlays .....  | O      | 29             | 28            | 29            | 29            | 31            | 32            | 33            |
| Total Federal funds Veterans Health Administration .....                 | BA     | <b>19,843</b>  | <b>21,222</b> | <b>22,149</b> | <b>22,770</b> | <b>23,271</b> | <b>23,785</b> | <b>24,309</b> |
|  | O      | 19,634         | 21,011        | 22,154        | 22,764        | 23,283        | 23,771        | 24,294        |
| Total Trust funds Veterans Health Administration .....                   | BA     | <b>32</b>      | <b>32</b>     | <b>34</b>     | <b>36</b>     | <b>37</b>     | <b>38</b>     | <b>39</b>     |
|  | O      | 29             | 28            | 29            | 29            | 31            | 32            | 33            |

**Veterans Benefits Administration**

*Federal funds*

**General and Special Funds:**

Compensation and pensions:

|   |        |               |                  |               |                 |                 |                 |                 |
|---|--------|---------------|------------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Appropriation, mandatory .....                                  | 701 BA | <b>21,568</b> | <b>22,766</b>    | <b>24,944</b> | <b>26,435</b>   | <b>27,875</b>   | <b>29,205</b>   | <b>30,431</b>   |
|   |        |               | <sup>1</sup> 589 |               | <sub>B-15</sub> | <sub>B-43</sub> | <sub>B-66</sub> | <sub>B-91</sub> |
| Spending authority from offsetting collections, mandatory ..... | BA     |               | <b>4</b>         | <b>3</b>      | <b>3</b>        | <b>3</b>        | <b>3</b>        | <b>3</b>        |
| Outlays .....   | O      | 23,820        | 20,653           | 24,858        | 26,319          | 27,806          | 31,786          | 30,361          |
|   |        |               | <sup>1</sup> 589 |               | <sub>B-15</sub> | <sub>B-43</sub> | <sub>B-66</sub> | <sub>B-91</sub> |
| Compensation and pensions (gross) .....                         | BA     | <b>21,568</b> | <b>23,359</b>    | <b>24,947</b> | <b>26,423</b>   | <b>27,835</b>   | <b>29,142</b>   | <b>30,343</b>   |
|   | O      | 23,820        | 21,242           | 24,858        | 26,304          | 27,763          | 31,720          | 30,270          |
| Total, offsetting collections (cash) .....                      |        |               | -4               | -3            | -3              | -3              | -3              | -3              |
| Total Compensation and pensions (net) .....                     | BA     | <b>21,568</b> | <b>23,355</b>    | <b>24,944</b> | <b>26,420</b>   | <b>27,832</b>   | <b>29,139</b>   | <b>30,340</b>   |
|   | O      | 23,820        | 21,238           | 24,855        | 26,301          | 27,760          | 31,717          | 30,267          |

Readjustment benefits:

|   |        |              |                  |              |              |              |              |              |
|---|--------|--------------|------------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation, mandatory .....                                  | 702 BA | <b>1,469</b> | <b>1,634</b>     | <b>2,135</b> | <b>2,200</b> | <b>2,282</b> | <b>2,383</b> | <b>2,503</b> |
|   |        |              | <sup>1</sup> 347 |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory ..... | BA     | <b>191</b>   | <b>212</b>       | <b>228</b>   | <b>248</b>   | <b>272</b>   | <b>299</b>   | <b>322</b>   |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate       |               |              |              |              |              |
|--|--------|----------------|----------------|---------------|--------------|--------------|--------------|--------------|
|  |        |                | 2001           | 2002          | 2003         | 2004         | 2005         | 2006         |
| Outlays .....  | O      | 1,688          | 1,898<br>1,284 | 2,301<br>1,63 | 2,449        | 2,555        | 2,701        | 2,835        |
| Readjustment benefits (gross) .....  | BA     | <b>1,660</b>   | <b>2,193</b>   | <b>2,363</b>  | <b>2,448</b> | <b>2,554</b> | <b>2,682</b> | <b>2,825</b> |
|  | O      | 1,688          | 2,182          | 2,364         | 2,449        | 2,555        | 2,701        | 2,835        |
| Total, offsetting collections (cash) .....                                       |        | -191           | -212           | -228          | -248         | -272         | -299         | -322         |
| Total Readjustment benefits (net) .....  | BA     | <b>1,469</b>   | <b>1,981</b>   | <b>2,135</b>  | <b>2,200</b> | <b>2,282</b> | <b>2,383</b> | <b>2,503</b> |
|  | O      | 1,497          | 1,970          | 2,136         | 2,201        | 2,283        | 2,402        | 2,513        |
| Reinstated entitlement program for survivors under P.L. 97-377:                  |        |                |                |               |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                  | 701 BA | <b>16</b>      | <b>15</b>      | <b>14</b>     | <b>14</b>    | <b>13</b>    | <b>12</b>    | <b>11</b>    |
| Outlays .....  | O      | 16             | 15             | 14            | 14           | 13           | 12           | 11           |
| Reinstated entitlement program for survivors under P.L. 97-377 (gross) .....     | BA     | <b>16</b>      | <b>15</b>      | <b>14</b>     | <b>14</b>    | <b>13</b>    | <b>12</b>    | <b>11</b>    |
|  | O      | 16             | 15             | 14            | 14           | 13           | 12           | 11           |
| Total, offsetting collections (cash) .....                                       |        | -16            | -15            | -14           | -14          | -13          | -12          | -11          |
| Total Reinstated entitlement program for survivors under P.L. 97-377 (net) ..... | BA     |                |                |               |              |              |              |              |
|  | O      |                |                |               |              |              |              |              |
| Veterans insurance and indemnities:  |        |                |                |               |              |              |              |              |
| Appropriation, mandatory .....   | 701 BA | <b>29</b>      | <b>20</b>      | <b>26</b>     | <b>37</b>    | <b>39</b>    | <b>39</b>    | <b>40</b>    |
| Spending authority from offsetting collections, mandatory .....                  | BA     | <b>2</b>       | <b>2</b>       | <b>2</b>      | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     |
| Outlays .....  | O      | 28             | 27             | 28            | 39           | 39           | 41           | 42           |
| Veterans insurance and indemnities (gross) .....                                 | BA     | <b>31</b>      | <b>22</b>      | <b>28</b>     | <b>39</b>    | <b>41</b>    | <b>41</b>    | <b>42</b>    |
|  | O      | 28             | 27             | 28            | 39           | 39           | 41           | 42           |
| Total, offsetting collections (cash) .....                                       |        | -2             | -2             | -2            | -2           | -2           | -2           | -2           |
| Total Veterans insurance and indemnities (net) .....                             | BA     | <b>29</b>      | <b>20</b>      | <b>26</b>     | <b>37</b>    | <b>39</b>    | <b>39</b>    | <b>40</b>    |
|  | O      | 26             | 25             | 26            | 37           | 37           | 39           | 40           |
| <b>Public Enterprise Funds:</b>  |        |                |                |               |              |              |              |              |
| Service-disabled veterans insurance fund:  |        |                |                |               |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                  | 701 BA | <b>64</b>      | <b>65</b>      | <b>68</b>     | <b>67</b>    | <b>67</b>    | <b>68</b>    | <b>69</b>    |
| Outlays .....  | O      | 64             | 67             | 68            | 67           | 67           | 68           | 69           |
| Service-disabled veterans insurance fund (gross) .....                           | BA     | <b>64</b>      | <b>65</b>      | <b>68</b>     | <b>67</b>    | <b>67</b>    | <b>68</b>    | <b>69</b>    |
|  | O      | 64             | 67             | 68            | 67           | 67           | 68           | 69           |
| Total, offsetting collections (cash) .....                                       |        | -57            | -56            | -55           | -68          | -67          | -68          | -69          |
| Total Service-disabled veterans insurance fund (net) .....                       | BA     | <b>7</b>       | <b>9</b>       | <b>13</b>     | <b>-1</b>    |              |              |              |
|  | O      | 7              | 11             | 13            | -1           |              |              |              |
| Veterans reopened insurance fund:  |        |                |                |               |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                  | 701 BA | <b>70</b>      | <b>72</b>      | <b>70</b>     | <b>69</b>    | <b>68</b>    | <b>66</b>    | <b>65</b>    |
| Outlays .....  | O      | 68             | 70             | 69            | 69           | 67           | 66           | 65           |
| Veterans reopened insurance fund (gross) .....                                   | BA     | <b>70</b>      | <b>72</b>      | <b>70</b>     | <b>69</b>    | <b>68</b>    | <b>66</b>    | <b>65</b>    |
|  | O      | 68             | 70             | 69            | 69           | 67           | 66           | 65           |
| Total, offsetting collections (cash) .....                                       |        | -58            | -55            | -52           | -49          | -45          | -42          | -39          |
| Total Veterans reopened insurance fund (net) .....                               | BA     | <b>12</b>      | <b>17</b>      | <b>18</b>     | <b>20</b>    | <b>23</b>    | <b>24</b>    | <b>26</b>    |
|  | O      | 10             | 15             | 17            | 20           | 22           | 24           | 26           |
| Servicemembers' group life insurance fund:                                       |        |                |                |               |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....                  | 701 BA | <b>378</b>     | <b>442</b>     | <b>490</b>    | <b>489</b>   | <b>488</b>   | <b>486</b>   | <b>485</b>   |
| Outlays .....  | O      | 378            | 442            | 490           | 490          | 488          | 486          | 485          |
| Servicemembers' group life insurance fund (gross) .....                          | BA     | <b>378</b>     | <b>442</b>     | <b>490</b>    | <b>489</b>   | <b>488</b>   | <b>486</b>   | <b>485</b>   |
|  | O      | 378            | 442            | 490           | 490          | 488          | 486          | 485          |
| Total, offsetting collections (cash) .....                                       |        | -378           | -442           | -490          | -489         | -488         | -486         | -485         |
| Total Servicemembers' group life insurance fund (net) .....                      | BA     |                |                |               |              |              |              |              |
|  | O      |                |                |               | 1            |              |              |              |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |              |              |              |              |              |
|---|--------|----------------|----------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001     | 2002         | 2003         | 2004         | 2005         | 2006         |
| <b>Credit Accounts:</b>   |        |                |          |              |              |              |              |              |
| Veterans housing benefit program fund program account:                      |        |                |          |              |              |              |              |              |
| Appropriation, discretionary .....  | 704 BA | 157            | 162      | 166          | 170          | 173          | 177          | 181          |
|   |        |                |          | <i>J</i> -1  |
| Appropriation, mandatory .....  | BA     | 1,503          | 351      | 203          | 235          | 238          | 243          | 245          |
|   |        |                |          | <i>B</i> -15 | <i>B</i> -38 | <i>B</i> -37 | <i>B</i> -41 | <i>B</i> -42 |
| Outlays .....   | O      | 1,660          | 513      | 369          | 405          | 411          | 420          | 426          |
|   |        |                |          | <i>B</i> -15 | <i>B</i> -38 | <i>B</i> -37 | <i>B</i> -41 | <i>B</i> -42 |
|   |        |                |          | <i>J</i> -1  |
| Total Veterans housing benefit program fund program account .....           | BA     | 1,660          | 513      | 353          | 366          | 373          | 378          | 383          |
|   | O      | 1,660          | 513      | 353          | 366          | 373          | 378          | 383          |
| Veterans housing benefit program fund liquidating account:                  |        |                |          |              |              |              |              |              |
| Appropriation, mandatory .....  | 704 BA | 132            |          |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....             | BA     | 415            | 433      | 390          | 339          | 293          | 250          | 214          |
|   |        |                |          | <i>B</i> -34 | <i>B</i> -29 | <i>B</i> -25 | <i>B</i> -20 | <i>B</i> -16 |
| Outlays .....   | O      | 160            | 346      | 319          | 278          | 240          | 205          | 172          |
| Veterans housing benefit program fund liquidating account (gross) .....     | BA     | 547            | 433      | 356          | 310          | 268          | 230          | 198          |
|   | O      | 160            | 346      | 319          | 278          | 240          | 205          | 172          |
| Total, offsetting collections (cash) .....                                  |        | -415           | -433     | -390         | -339         | -293         | -250         | -214         |
|   |        |                |          | <i>B</i> 34  | <i>B</i> 29  | <i>B</i> 25  | <i>B</i> 20  | <i>B</i> 16  |
| Total Veterans housing benefit program fund liquidating account (net) ..... | BA     | 132            |          |              |              |              |              |              |
|   | O      | -255           | -87      | -37          | -32          | -28          | -25          | -26          |
| Miscellaneous veterans housing loans program account:                       |        |                |          |              |              |              |              |              |
| Appropriation, discretionary .....  | 704 BA | 1              | 1        | 1            | 1            | 1            | 1            | 1            |
| Appropriation, mandatory .....  | BA     | 45             |          |              |              |              |              |              |
| Outlays .....   | O      | 1              | 7        | 11           | 11           | 11           | 14           | 1            |
| Total Miscellaneous veterans housing loans program account .....            | BA     | 46             | 1        | 1            | 1            | 1            | 1            | 1            |
|   | O      | 1              | 7        | 11           | 11           | 11           | 14           | 1            |
| Miscellaneous veterans programs loan fund program account:                  |        |                |          |              |              |              |              |              |
| Appropriation, discretionary .....  | 702 BA | 1              | 1        |              |              |              |              |              |
| Outlays .....   | O      | 1              | 1        |              |              |              |              |              |
| Limitation on direct loan activity .....                                    |        | (2)            | (3)      | (3)          | (3)          | (3)          | (3)          | (3)          |
| <i>Trust funds</i>  |        |                |          |              |              |              |              |              |
| Post-Vietnam era veterans education account:                                |        |                |          |              |              |              |              |              |
| Appropriation, mandatory .....  | 702 BA | 4              | 2        | 2            | 2            | 2            | 2            | 2            |
| Outlays .....   | O      | 13             | 15       | 12           | 12           | 12           | 12           | 12           |
| National service life insurance fund:                                       |        |                |          |              |              |              |              |              |
| Appropriation, mandatory .....  | 701 BA | 1,090          | 1,046    | 996          | 943          | 888          | 828          | 770          |
| Spending authority from offsetting collections, mandatory .....             | BA     | 643            | 717      | 772          | 812          | 839          | 854          | 871          |
| Outlays .....   | O      | 1,738          | 1,771    | 1,776        | 1,772        | 1,748        | 1,704        | 1,665        |
| National service life insurance fund (gross) .....                          | BA     | 1,733          | 1,763    | 1,768        | 1,755        | 1,727        | 1,682        | 1,641        |
|   | O      | 1,738          | 1,771    | 1,776        | 1,772        | 1,748        | 1,704        | 1,665        |
| Total, offsetting collections (cash) .....                                  |        | -497           | -481     | -454         | -435         | -410         | -385         | -360         |
| Total National service life insurance fund (net) .....                      | BA     | 1,236          | 1,282    | 1,314        | 1,320        | 1,317        | 1,297        | 1,281        |
|   | O      | 1,241          | 1,290    | 1,322        | 1,337        | 1,338        | 1,319        | 1,305        |
| United States Government life insurance fund:                               |        |                |          |              |              |              |              |              |
| Appropriation, mandatory .....  | 701 BA | 5              | 5        | 4            | 4            | 3            | 3            | 3            |
| Spending authority from offsetting collections, mandatory .....             | BA     | 7              | 6        | 7            | 6            | 6            | 5            | 5            |
| Outlays .....   | O      | 12             | 12       | 12           | 11           | 10           | 10           | 9            |
| United States Government life insurance fund (gross) .....                  | BA     | 12             | 11       | 11           | 10           | 9            | 8            | 8            |
|   | O      | 12             | 12       | 12           | 11           | 10           | 10           | 9            |
| Total, offsetting collections (cash) .....                                  |        | -1             | -1       | -1           | -1           | -1           | -1           | -1           |
| Total United States Government life insurance fund (net) .....              | BA     | 11             | 10       | 10           | 9            | 8            | 7            | 7            |
|   | O      | 11             | 11       | 11           | 10           | 9            | 9            | 8            |
| Veterans special life insurance fund:                                       |        |                |          |              |              |              |              |              |
| Spending authority from offsetting collections, mandatory .....             | 701 BA | 212            | 213      | 214          | 217          | 217          | 215          | 219          |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate      |               |               |               |               |               |
|--|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |    |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Outlays .....  | O  | 192            | 199           | 197           | 204           | 205           | 203           | 209           |
| Veterans special life insurance fund (gross) .....         | BA | <b>212</b>     | <b>213</b>    | <b>214</b>    | <b>217</b>    | <b>217</b>    | <b>215</b>    | <b>219</b>    |
|  | O  | 192            | 199           | 197           | 204           | 205           | 203           | 209           |
| Total, offsetting collections (cash) .....                 |    | -235           | -232          | -228          | -225          | -220          | -216          | -212          |
| Total Veterans special life insurance fund (net) .....     | BA | <b>-23</b>     | <b>-19</b>    | <b>-14</b>    | <b>-8</b>     | <b>-3</b>     | <b>-1</b>     | <b>7</b>      |
|  | O  | -43            | -33           | -31           | -21           | -15           | -13           | -3            |
| Total Federal funds Veterans Benefits Administration ..... | BA | <b>24,924</b>  | <b>25,897</b> | <b>27,490</b> | <b>29,043</b> | <b>30,550</b> | <b>31,964</b> | <b>33,293</b> |
|  | O  | 26,767         | 23,693        | 27,374        | 28,904        | 30,458        | 34,549        | 33,204        |
| Total Trust funds Veterans Benefits Administration .....   | BA | <b>1,228</b>   | <b>1,275</b>  | <b>1,312</b>  | <b>1,323</b>  | <b>1,324</b>  | <b>1,305</b>  | <b>1,297</b>  |
|  | O  | 1,222          | 1,283         | 1,314         | 1,338         | 1,344         | 1,327         | 1,322         |

**Construction**  
*Federal funds*

**General and Special Funds:**

|  |     |    |            |            |            |            |            |            |            |
|--|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Construction, major projects:                              |     |    |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                         | 703 | BA | <b>65</b>  | <b>66</b>  | <b>183</b> | <b>187</b> | <b>191</b> | <b>196</b> | <b>200</b> |
| Outlays .....  |     | O  | 172        | 141        | 107        | 114        | 145        | 174        | 187        |
| Construction, minor projects:                              |     |    |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                         | 703 | BA | <b>160</b> | <b>166</b> | <b>179</b> | <b>183</b> | <b>187</b> | <b>191</b> | <b>196</b> |
| Outlays .....  |     | O  | 163        | 167        | 169        | 175        | 182        | 187        | 191        |
| Grants for construction of State extended care facilities: |     |    |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                         | 703 | BA | <b>90</b>  | <b>100</b> | <b>50</b>  | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>55</b>  |
| Outlays .....  |     | O  | 104        | 85         | 91         | 68         | 76         | 51         | 52         |
| Grants for the construction of State veterans cemeteries:  |     |    |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                         | 705 | BA | <b>25</b>  | <b>25</b>  | <b>25</b>  | <b>26</b>  | <b>26</b>  | <b>27</b>  | <b>27</b>  |
| Outlays .....  |     | O  | 12         | 16         | 21         | 25         | 31         | 26         | 26         |

**Public Enterprise Funds:**

|   |     |    |            |            |            |            |            |            |            |
|---|-----|----|------------|------------|------------|------------|------------|------------|------------|
| Parking revolving fund:   |     |    |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 703 | BA |            | 7          | 4          | 4          | 4          | 4          | 4          |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 3          | 3          | 3          | 3          | 3          | 3          | 3          |
| Outlays .....   |     | O  | 18         | 7          | 7          | 7          | 8          | 9          | 9          |
| Parking revolving fund (gross) .....                                |     | BA | <b>3</b>   | <b>10</b>  | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>7</b>   |
|   |     | O  | 18         | 7          | 7          | 7          | 8          | 9          | 9          |
| Total, offsetting collections (cash) .....                          |     |    | -3         | -3         | -3         | -3         | -3         | -3         | -3         |
| Total Parking revolving fund (net) .....                            |     | BA |            | 7          | 4          | 4          | 4          | 4          | 4          |
|   |     | O  | 15         | 4          | 4          | 4          | 5          | 6          | 6          |
| Total Federal funds Construction .....                              |     | BA | <b>340</b> | <b>364</b> | <b>441</b> | <b>451</b> | <b>460</b> | <b>471</b> | <b>482</b> |
|   |     | O  | 466        | 413        | 392        | 386        | 439        | 444        | 462        |

**Departmental Administration**  
*Federal funds*

**General and Special Funds:**

|   |     |    |              |              |              |              |              |              |              |
|---|-----|----|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General operating expenses:   |     |    |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 705 | BA | <b>941</b>   | <b>1,080</b> | <b>1,195</b> | <b>1,221</b> | <b>1,249</b> | <b>1,277</b> | <b>1,306</b> |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 289          | 377          | 395          | 416          | 436          | 458          | 481          |
| Outlays .....   |     | O  | 1,170        | 1,543        | 1,579        | 1,635        | 1,682        | 1,732        | 1,784        |
| General operating expenses (gross) .....                            |     | BA | <b>1,230</b> | <b>1,457</b> | <b>1,590</b> | <b>1,637</b> | <b>1,685</b> | <b>1,735</b> | <b>1,787</b> |
|   |     | O  | 1,170        | 1,543        | 1,579        | 1,635        | 1,682        | 1,732        | 1,784        |
| Total, offsetting collections (cash) .....                          |     |    | -289         | -377         | -395         | -416         | -436         | -458         | -481         |
| Total General operating expenses (net) .....                        |     | BA | <b>941</b>   | <b>1,080</b> | <b>1,195</b> | <b>1,221</b> | <b>1,249</b> | <b>1,277</b> | <b>1,306</b> |
|   |     | O  | 881          | 1,166        | 1,184        | 1,219        | 1,246        | 1,274        | 1,303        |
| Office of Inspector General:  |     |    |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 705 | BA | <b>43</b>    | <b>46</b>    | <b>48</b>    | <b>49</b>    | <b>50</b>    | <b>51</b>    | <b>52</b>    |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 2            | 3            | 3            | 3            | 3            | 3            | 3            |

**DEPARTMENT OF VETERANS AFFAIRS—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate      |               |               |               |               |               |
|--|----------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |          |                | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Outlays .....  | O        | 43             | 53            | 51            | 52            | 53            | 55            | 56            |
| Office of Inspector General (gross) .....                          | BA       | <b>45</b>      | <b>49</b>     | <b>51</b>     | <b>52</b>     | <b>53</b>     | <b>54</b>     | <b>55</b>     |
|  | O        | 43             | 53            | 51            | 52            | 53            | 55            | 56            |
| Total, offsetting collections (cash) .....                         |          | -2             | -3            | -3            | -3            | -3            | -3            | -3            |
| Total Office of Inspector General (net) .....                      | BA       | <b>43</b>      | <b>46</b>     | <b>48</b>     | <b>49</b>     | <b>50</b>     | <b>51</b>     | <b>52</b>     |
|  | O        | 41             | 50            | 48            | 49            | 50            | 52            | 53            |
| National Cemetery Administration:                                  |          |                |               |               |               |               |               |               |
| Appropriation, discretionary .....                                 | 705 BA   | <b>97</b>      | <b>110</b>    | <b>121</b>    | <b>124</b>    | <b>126</b>    | <b>129</b>    | <b>132</b>    |
| Outlays .....  | O        | 95             | 109           | 120           | 123           | 126           | 129           | 132           |
| <b>Intragovernmental Funds:</b>                                    |          |                |               |               |               |               |               |               |
| Supply fund:   |          |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....    | 705 BA   | <b>671</b>     | <b>780</b>    | <b>840</b>    | <b>945</b>    | <b>991</b>    | <b>1,039</b>  | <b>1,089</b>  |
| Outlays .....  | O        | 555            | 780           | 840           | 945           | 991           | 1,039         | 1,089         |
| Supply fund (gross) .....  | BA       | <b>671</b>     | <b>780</b>    | <b>840</b>    | <b>945</b>    | <b>991</b>    | <b>1,039</b>  | <b>1,089</b>  |
|  | O        | 555            | 780           | 840           | 945           | 991           | 1,039         | 1,089         |
| Change in uncollected customer payments from Federal sources ..... | BA       | <b>-24</b>     |               |               |               |               |               |               |
| Total, offsetting collections (cash) .....                         |          | -647           | -780          | -840          | -945          | -991          | -1,039        | -1,089        |
| Total Supply fund (net) .....                                      | BA       |                |               |               |               |               |               |               |
|  | O        | -92            |               |               |               |               |               |               |
| Franchise fund:  |          |                |               |               |               |               |               |               |
| Spending authority from offsetting collections, mandatory .....    | 705 BA   | <b>147</b>     | <b>120</b>    | <b>158</b>    | <b>163</b>    | <b>168</b>    | <b>173</b>    | <b>178</b>    |
| Outlays .....  | O        | 134            | 120           | 158           | 163           | 168           | 173           | 178           |
| Franchise fund (gross) .....                                       | BA       | <b>147</b>     | <b>120</b>    | <b>158</b>    | <b>163</b>    | <b>168</b>    | <b>173</b>    | <b>178</b>    |
|  | O        | 134            | 120           | 158           | 163           | 168           | 173           | 178           |
| Total, offsetting collections (cash) .....                         |          | -147           | -120          | -158          | -163          | -168          | -173          | -178          |
| Total Franchise fund (net) .....                                   | BA       |                |               |               |               |               |               |               |
|  | O        | -13            |               |               |               |               |               |               |
| Total Federal funds Departmental Administration .....              | BA       | <b>1,081</b>   | <b>1,236</b>  | <b>1,364</b>  | <b>1,394</b>  | <b>1,425</b>  | <b>1,457</b>  | <b>1,490</b>  |
|  | O        | 912            | 1,325         | 1,352         | 1,391         | 1,422         | 1,455         | 1,488         |
| <b>Summary</b>   |          |                |               |               |               |               |               |               |
| Federal funds:   |          |                |               |               |               |               |               |               |
| (As shown in detail above) .....                                   | BA       | <b>46,188</b>  | <b>48,719</b> | <b>51,444</b> | <b>53,658</b> | <b>55,706</b> | <b>57,677</b> | <b>59,574</b> |
|  | O        | 47,779         | 46,442        | 51,272        | 53,445        | 55,602        | 60,219        | 59,448        |
| Deductions for offsetting receipts:                                |          |                |               |               |               |               |               |               |
| Proprietary receipts from the public .....                         | 702 BA/O | -99            | -296          | -211          | -221          | -242          | -269          | -295          |
|  | 703 BA/O | -574           | -609          | -742          | -882          | -892          | -903          | -913          |
|  | 704 BA/O | -1,064         | -1,420        |               |               |               |               |               |
| Total Federal funds .....  | BA       | <b>44,451</b>  | <b>46,394</b> | <b>50,491</b> | <b>52,555</b> | <b>54,572</b> | <b>56,505</b> | <b>58,366</b> |
|  | O        | 46,042         | 44,117        | 50,319        | 52,342        | 54,468        | 59,047        | 58,240        |
| Trust funds:   |          |                |               |               |               |               |               |               |
| (As shown in detail above) .....                                   | BA       | <b>1,260</b>   | <b>1,307</b>  | <b>1,346</b>  | <b>1,359</b>  | <b>1,361</b>  | <b>1,343</b>  | <b>1,336</b>  |
|  | O        | 1,251          | 1,311         | 1,343         | 1,367         | 1,375         | 1,359         | 1,355         |
| Deductions for offsetting receipts:                                |          |                |               |               |               |               |               |               |
| Proprietary receipts from the public .....                         | 701 BA/O | -201           | -190          | -179          | -168          | -156          | -142          | -128          |
|  | 702 BA/O | -2             | -1            | -1            |               |               |               |               |
| Total Trust funds .....  | BA       | <b>1,057</b>   | <b>1,116</b>  | <b>1,166</b>  | <b>1,191</b>  | <b>1,205</b>  | <b>1,201</b>  | <b>1,208</b>  |
|  | O        | 1,048          | 1,120         | 1,163         | 1,199         | 1,219         | 1,217         | 1,227         |
| Interfund transactions .....                                       |          |                |               |               |               |               |               |               |
|  | 701 BA/O | -1             | -1            | -1            | -1            | -1            | -1            | -1            |
|  | 702 BA/O | -2             | -1            | -1            | -2            | -2            | -2            | -2            |
| Total Department of Veterans Affairs .....                         | BA       | <b>45,505</b>  | <b>47,508</b> | <b>51,655</b> | <b>53,743</b> | <b>55,774</b> | <b>57,703</b> | <b>59,571</b> |
|  | O        | 47,087         | 45,235        | 51,480        | 53,538        | 55,684        | 60,261        | 59,464        |

**CORPS OF ENGINEERS**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                               |        |                |          |       |       |       |       |       |
| General investigations:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                    | 301 BA | 165            | 161      | 130   | 133   | 136   | 139   | 142   |
| Spending authority from offsetting collections, discretionary   | BA     | 32             | 9        | 9     | 20    | 20    | 20    | 20    |
| Outlays   | O      | 192            | 180      | 151   | 152   | 155   | 157   | 161   |
| General investigations (gross)                                  | BA     | 197            | 170      | 139   | 153   | 156   | 159   | 162   |
|   | O      | 192            | 180      | 151   | 152   | 155   | 157   | 161   |
| Change in uncollected customer payments from Federal sources    | BA     | 1              |          |       |       |       |       |       |
| Total, offsetting collections (cash)                            |        | -33            | -9       | -9    | -20   | -20   | -20   | -20   |
| Total General investigations (net)                              | BA     | 165            | 161      | 130   | 133   | 136   | 139   | 142   |
|   | O      | 159            | 171      | 142   | 132   | 135   | 137   | 141   |
| Construction, general:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                    | 301 BA | 1,272          | 1,591    | 1,254 | 1,282 | 1,311 | 1,340 | 1,370 |
| Spending authority from offsetting collections, discretionary   | BA     | 599            | 549      | 496   | 424   | 424   | 424   | 424   |
| Outlays   | O      | 1,827          | 2,263    | 2,084 | 1,895 | 1,923 | 1,932 | 1,782 |
| Construction, general (gross)                                   | BA     | 1,871          | 2,140    | 1,750 | 1,706 | 1,735 | 1,764 | 1,794 |
|   | O      | 1,827          | 2,263    | 2,084 | 1,895 | 1,923 | 1,932 | 1,782 |
| Change in uncollected customer payments from Federal sources    | BA     | -180           |          |       |       |       |       |       |
| Total, offsetting collections (cash)                            |        | -419           | -549     | -496  | -424  | -424  | -424  | -424  |
| Total Construction, general (net)                               | BA     | 1,272          | 1,591    | 1,254 | 1,282 | 1,311 | 1,340 | 1,370 |
|   | O      | 1,408          | 1,714    | 1,588 | 1,471 | 1,499 | 1,508 | 1,358 |
| Operation and maintenance, general<br>(Water resources):        |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary)                                  | 301 BA | 1,134          | 1,144    | 1,050 | 1,073 | 1,097 | 1,122 | 1,147 |
| (Appropriation, mandatory)                                      | BA     |                |          | B 10  | B 15  | B 20  | B 25  | B 25  |
| (Spending authority from offsetting collections, discretionary) | BA     | 775            | 863      | 810   | 724   | 724   | 724   | 724   |
| (Outlays)   | O      | 2,048          | 1,862    | 1,884 | 1,792 | 1,815 | 1,839 | 1,864 |
|   |        |                |          | B 10  | B 15  | B 20  | B 25  | B 25  |
| Operation and maintenance, general (gross)                      | BA     | 1,909          | 2,007    | 1,870 | 1,812 | 1,841 | 1,871 | 1,896 |
|   | O      | 2,048          | 1,862    | 1,884 | 1,802 | 1,830 | 1,859 | 1,889 |
| (Change in uncollected customer payments from Federal sources)  | BA     | 23             |          |       |       |       |       |       |
| Total, offsetting collections (cash)                            |        | -798           | -863     | -810  | -724  | -724  | -724  | -724  |
| Total (Water resources) (net)                                   | BA     | 1,134          | 1,144    | 1,060 | 1,088 | 1,117 | 1,147 | 1,172 |
|   | O      | 1,250          | 999      | 1,074 | 1,078 | 1,106 | 1,135 | 1,165 |
| (Recreational resources):                                       |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary)                                  | 303 BA | 33             | 29       | 29    | 30    | 30    | 31    | 32    |
| (Outlays)   | O      | 33             | 29       | 29    | 30    | 30    | 31    | 32    |
| Total Operation and maintenance, general                        | BA     | 1,167          | 1,173    | 1,089 | 1,118 | 1,147 | 1,178 | 1,204 |
|   | O      | 1,283          | 1,028    | 1,103 | 1,108 | 1,136 | 1,166 | 1,197 |
| Regulatory program:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary                                    | 301 BA | 117            | 125      | 128   | 131   | 134   | 137   | 140   |
| Spending authority from offsetting collections, discretionary   | BA     | 1              |          |       | 1     | 1     | 1     | 1     |
| Outlays   | O      | 111            | 134      | 128   | 131   | 135   | 138   | 141   |
| Regulatory program (gross)                                      | BA     | 118            | 125      | 128   | 132   | 135   | 138   | 141   |
|   | O      | 111            | 134      | 128   | 131   | 135   | 138   | 141   |
| Total, offsetting collections (cash)                            |        | -1             |          |       | -1    | -1    | -1    | -1    |
| Total Regulatory program (net)                                  | BA     | 117            | 125      | 128   | 131   | 134   | 137   | 140   |
|   | O      | 110            | 134      | 128   | 130   | 134   | 137   | 140   |
| Flood control and coastal emergencies:                          |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary   | 301 BA | -273           | 50       | 50    | 100   | 100   | 100   | 100   |
| Outlays   | O      | 119            | 67       | 67    | 117   | 117   | 117   | 118   |
| Flood control and coastal emergencies (gross)                   | BA     | -273           | 50       | 50    | 100   | 100   | 100   | 100   |
|   | O      | 119            | 67       | 67    | 117   | 117   | 117   | 118   |
| Change in uncollected customer payments from Federal sources    | BA     | 396            |          |       |       |       |       |       |

**CORPS OF ENGINEERS—Continued**  
(In millions of dollars)

| Account  |         | 2000<br>actual | estimate       |                |                |                |                | 2006           |
|--|---------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |         |                | 2001           | 2002           | 2003           | 2004           | 2005           |                |
| Total, offsetting collections (cash)   |         | -123           | -50            | -50            | -100           | -100           | -100           | -100           |
| Total Flood control and coastal emergencies (net)                            | BA<br>O | -4             | 17             | 17             | 17             | 17             | 17             | 18             |
| Formerly utilized sites remedial action program:                             |         |                |                |                |                |                |                |                |
| Appropriation, discretionary   | 053 BA  | 150            | 140            | 140            | 143            | 146            | 150            | 153            |
| Spending authority from offsetting collections, discretionary                | BA      | 43             |                |                |                |                |                |                |
| Outlays  | O       | 202            | 149            | 140            | 142            | 145            | 149            | 152            |
| Formerly utilized sites remedial action program (gross)                      | BA<br>O | 193<br>202     | 140<br>149     | 140<br>140     | 143<br>142     | 146<br>145     | 150<br>149     | 153<br>152     |
| Change in uncollected customer payments from Federal sources                 | BA      | 46             |                |                |                |                |                |                |
| Total, offsetting collections (cash)   |         | -89            |                |                |                |                |                |                |
| Total Formerly utilized sites remedial action program (net)                  | BA<br>O | 150<br>113     | 140<br>149     | 140<br>140     | 143<br>142     | 146<br>145     | 150<br>149     | 153<br>152     |
| General expenses:  |         |                |                |                |                |                |                |                |
| Appropriation, discretionary   | 301 BA  | 150            | 152            | 153            | 156            | 160            | 163            | 167            |
| Outlays  | O       | 153            | 167            | 152            | 156            | 159            | 163            | 167            |
| Flood control, Mississippi River and tributaries:                            |         |                |                |                |                |                |                |                |
| Appropriation, discretionary   | 301 BA  | 309            | 351            | 280            | 286            | 293            | 299            | 306            |
| Spending authority from offsetting collections, discretionary                | BA      | 23             | 32             | 25             | 25             | 25             | 25             | 25             |
| Outlays  | O       | 350            | 343            | 323            | 310            | 316            | 322            | 329            |
| Flood control, Mississippi River and tributaries (gross)                     | BA<br>O | 332<br>350     | 383<br>343     | 305<br>323     | 311<br>310     | 318<br>316     | 324<br>322     | 331<br>329     |
| Change in uncollected customer payments from Federal sources                 | BA      | 7              |                |                |                |                |                |                |
| Total, offsetting collections (cash)   |         | -30            | -32            | -25            | -25            | -25            | -25            | -25            |
| Total Flood control, Mississippi River and tributaries (net)                 | BA<br>O | 309<br>320     | 351<br>311     | 280<br>298     | 286<br>285     | 293<br>291     | 299<br>297     | 306<br>304     |
| Payment to South Dakota terrestrial wildlife habitat restoration trust fund: |         |                |                |                |                |                |                |                |
| Appropriation, mandatory   | 306 BA  | 10             | 10             | 10             | 10             | 10             | 10             | 10             |
| Outlays  | O       | 10             | 10             | 10             | 10             | 10             | 10             | 10             |
| Washington aqueduct:   |         |                |                |                |                |                |                |                |
| Outlays  | 301 O   | 13             | 29             | 4              |                |                |                |                |
| Washington aqueduct (gross)  | O       | 13             | 29             | 4              |                |                |                |                |
| Total, offsetting collections (cash)   |         | -17            | -9             | -4             | -4             | -4             | -4             | -4             |
| Total Washington aqueduct (net)  | BA<br>O | -17<br>-4      | -9<br>20       | -4             | -4             | -4             | -4             | -4             |
| San Gabriel basin restoration fund:  |         |                |                |                |                |                |                |                |
| Appropriation, discretionary   | 301 BA  |                | 23             | 9              | 7              |                |                |                |
| Outlays  | O       |                |                | 25             | 14             |                |                |                |
| Permanent appropriations   |         |                |                |                |                |                |                |                |
| (Water resources):   |         |                |                |                |                |                |                |                |
| (Appropriation, mandatory)   | 301 BA  | 5              | 8              | 8              | 8              | 9              | 9              | 9              |
| (Outlays)  | O       | 5              | 11             | 8              | 8              | 9              | 9              | 9              |
| (General purpose fiscal assistance):   |         |                |                |                |                |                |                |                |
| (Appropriation, mandatory)   | 806 BA  | 9              | 8              | 8              | 8              | 9              | 9              | 9              |
| (Outlays)  | O       | 17             | 8              | 8              | 8              | 9              | 9              | 9              |
| Total Permanent appropriations   | BA<br>O | 14<br>22       | 16<br>19       | 16<br>16       | 16<br>16       | 18<br>18       | 18<br>18       | 18<br>18       |
| <b>Intragovernmental Funds:</b>  |         |                |                |                |                |                |                |                |
| Revolving fund:  |         |                |                |                |                |                |                |                |
| Spending authority from offsetting collections, mandatory                    | 301 BA  | 3,352          | 3,426          | 3,448          | 3,547          | 3,649          | 3,754          | 3,962          |
| Outlays  | O       | 3,387          | 3,426          | 3,448          | 3,547          | 3,649          | 3,754          | 3,962          |
| Revolving fund (gross)   | BA<br>O | 3,352<br>3,387 | 3,426<br>3,426 | 3,448<br>3,448 | 3,547<br>3,547 | 3,649<br>3,649 | 3,754<br>3,754 | 3,962<br>3,962 |
| Change in uncollected customer payments from Federal sources                 | BA      | 37             |                |                |                |                |                |                |

**CORPS OF ENGINEERS—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate       |                |                |                |                |                |
|--|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  |          |                | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           |
| Total, offsetting collections (cash) ..... |          | -3,389         | -3,426         | -3,448         | -3,547         | -3,649         | -3,754         | -3,962         |
| Total Revolving fund (net) .....           | BA<br>O  | -2             |                |                |                |                |                |                |
| <i>Trust funds</i>                         |          |                |                |                |                |                |                |                |
| Inland waterways trust fund:               |          |                |                |                |                |                |                |                |
| Appropriation, discretionary .....         | 301 BA   | 102            | 120            | 61             | 62             | 64             | 65             | 67             |
| Outlays .....                              | O        | 103            | 118            | 68             | 62             | 63             | 65             | 67             |
| Rivers and harbors contributed funds:      |          |                |                |                |                |                |                |                |
| Appropriation, mandatory .....             | 301 BA   | 315            | 280            | 315            | 323            | 331            | 344            | 344            |
| Outlays .....                              | O        | 313            | 280            | 315            | 323            | 331            | 344            | 344            |
| Harbor maintenance trust fund:             |          |                |                |                |                |                |                |                |
| Appropriation, discretionary .....         | 301 BA   | 687            | 730            | 675            | 690            | 705            | 721            | 737            |
| Outlays .....                              | O        | 687            | 730            | 675            | 690            | 705            | 721            | 737            |
| Coastal wetlands restoration trust fund:   |          |                |                |                |                |                |                |                |
| Appropriation, mandatory .....             | 301 BA   | 53             | 53             | 60             | 66             | 34             | 18             | 18             |
| Outlays .....                              | O        | 24             | 53             | 60             | 66             | 34             | 18             | 18             |
| <b>Summary</b>                             |          |                |                |                |                |                |                |                |
| Federal funds:                             |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA<br>O  | 3,337<br>3,568 | 3,733<br>3,740 | 3,205<br>3,619 | 3,278<br>3,477 | 3,351<br>3,540 | 3,430<br>3,598 | 3,506<br>3,501 |
| Deductions for offsetting receipts:        |          |                |                |                |                |                |                |                |
| Intrafund transactions .....               | 301 BA/O |                | -23            |                |                |                |                |                |
|  | 908 BA/O |                | -1             | -1             |                |                |                |                |
| Proprietary receipts from the public ..... | 301 BA/O | -8             | -7             | -16            | -13            | -8             | -8             | -8             |
|  | 303 BA/O | -29            | -29            | -34            | -34            | -34            | -34            | -34            |
|  |          |                |                | B -10          | B -15          | B -20          | B -25          | B -25          |
| Total Federal funds .....                  | BA<br>O  | 3,300<br>3,531 | 3,673<br>3,680 | 3,144<br>3,558 | 3,216<br>3,415 | 3,289<br>3,478 | 3,363<br>3,531 | 3,439<br>3,434 |
| Trust funds:                               |          |                |                |                |                |                |                |                |
| (As shown in detail above) .....           | BA<br>O  | 1,157<br>1,127 | 1,183<br>1,181 | 1,111<br>1,118 | 1,141<br>1,141 | 1,134<br>1,133 | 1,148<br>1,148 | 1,166<br>1,166 |
| Deductions for offsetting receipts:        |          |                |                |                |                |                |                |                |
| Proprietary receipts from the public ..... | 301 BA/O | -315           | -280           | -315           | -323           | -331           | -344           | -344           |
| Total Trust funds .....                    | BA<br>O  | 842<br>812     | 903<br>901     | 796<br>803     | 818<br>818     | 803<br>802     | 804<br>804     | 822<br>822     |
| Interfund transactions .....               | 306 BA/O | -10            | -10            | -10            | -10            | -10            | -10            | -10            |
| Total Corps of Engineers .....             | BA<br>O  | 4,132<br>4,333 | 4,566<br>4,571 | 3,930<br>4,351 | 4,024<br>4,223 | 4,082<br>4,270 | 4,157<br>4,325 | 4,251<br>4,246 |

**OTHER DEFENSE CIVIL PROGRAMS**  
(In millions of dollars)

| Account                              |        | 2000<br>actual | estimate |        |        |        |        |        |
|--------------------------------------|--------|----------------|----------|--------|--------|--------|--------|--------|
|                                      |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| <b>Military Retirement</b>           |        |                |          |        |        |        |        |        |
| <i>Federal funds</i>                 |        |                |          |        |        |        |        |        |
| General and Special Funds:           |        |                |          |        |        |        |        |        |
| Payment to military retirement fund: |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....       | 054 BA | 15,302         | 16,089   | 16,653 | 17,235 | 17,839 | 18,463 | 19,110 |
| Outlays .....                        | O      | 15,302         | 16,089   | 16,653 | 17,235 | 17,839 | 18,463 | 19,110 |
| <i>Trust funds</i>                   |        |                |          |        |        |        |        |        |
| Military retirement fund:            |        |                |          |        |        |        |        |        |
| Appropriation, mandatory .....       | 602 BA | 32,912         | 34,332   | 35,377 | 36,393 | 37,421 | 38,430 | 39,480 |
| Outlays .....                        | O      | 32,808         | 34,223   | 35,266 | 36,278 | 37,302 | 38,309 | 39,355 |

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

| Account  |     | 2000<br>actual | estimate |      |        |        |        |        |     |
|--|-----|----------------|----------|------|--------|--------|--------|--------|-----|
|  |     |                | 2001     | 2002 | 2003   | 2004   | 2005   | 2006   |     |
| <b>Retiree Health Care</b>                                     |     |                |          |      |        |        |        |        |     |
| <i>Federal funds</i>   |     |                |          |      |        |        |        |        |     |
| <b>General and Special Funds:</b>                              |     |                |          |      |        |        |        |        |     |
| Payment to DoD Medicare-Eligible Retiree Health Care Fund:     |     |                |          |      |        |        |        |        |     |
| Appropriation, mandatory .....                                 | 054 | BA             |          |      | 9,036  | 9,397  | 9,773  | 10,164 |     |
| Outlays .....  |     | O              |          |      | 9,036  | 9,397  | 9,773  | 10,164 |     |
| DoD Medicare-Eligible Retiree Health Care Fund:                |     |                |          |      |        |        |        |        |     |
| Appropriation, mandatory .....                                 | 551 | BA             |          |      | 6,117  | 6,385  | 6,665  | 6,958  |     |
| Outlays .....  |     | O              |          |      | 4,784  | 4,994  | 5,213  | 5,442  |     |
| Total Federal funds Retiree Health Care .....                  |     | BA             |          |      | 15,153 | 15,782 | 16,438 | 17,122 |     |
|  |     | O              |          |      | 13,820 | 14,391 | 14,986 | 15,606 |     |
| <b>Educational Benefits</b>                                    |     |                |          |      |        |        |        |        |     |
| <i>Trust funds</i>   |     |                |          |      |        |        |        |        |     |
| Education benefits fund:                                       |     |                |          |      |        |        |        |        |     |
| Appropriation, mandatory .....                                 | 702 | BA             | 189      | 305  | 235    | 239    | 239    | 241    | 256 |
| Outlays .....  |     | O              | 183      | 305  | 235    | 239    | 239    | 241    | 256 |
| <b>American Battle Monuments commission</b>                    |     |                |          |      |        |        |        |        |     |
| <i>Federal funds</i>   |     |                |          |      |        |        |        |        |     |
| <b>General and Special Funds:</b>                              |     |                |          |      |        |        |        |        |     |
| Salaries and expenses:   |     |                |          |      |        |        |        |        |     |
| Appropriation, discretionary .....                             | 705 | BA             | 28       | 28   | 28     | 29     | 29     | 30     | 31  |
| Outlays .....  |     | O              | 24       | 24   | 29     | 30     | 30     | 30     | 31  |
| <i>Trust funds</i>   |     |                |          |      |        |        |        |        |     |
| Contributions:   |     |                |          |      |        |        |        |        |     |
| Appropriation, mandatory .....                                 | 705 | BA             | 13       | 65   | 12     | 2      | 1      | 1      | 1   |
| Outlays .....  |     | O              | 13       | 65   | 9      |        |        |        |     |
| <b>Armed Forces Retirement Home</b>                            |     |                |          |      |        |        |        |        |     |
| <i>Trust funds</i>   |     |                |          |      |        |        |        |        |     |
| Armed Forces Retirement Home:                                  |     |                |          |      |        |        |        |        |     |
| Appropriation, discretionary .....                             | 602 | BA             | 70       | 70   | 71     | 72     | 74     | 76     | 78  |
| Outlays .....  |     | O              | 64       | 64   | 69     | 82     | 85     | 88     | 90  |
| <b>Cemeterial Expenses</b>                                     |     |                |          |      |        |        |        |        |     |
| <i>Federal funds</i>   |     |                |          |      |        |        |        |        |     |
| <b>General and Special Funds:</b>                              |     |                |          |      |        |        |        |        |     |
| Salaries and expenses:   |     |                |          |      |        |        |        |        |     |
| Appropriation, discretionary .....                             | 705 | BA             | 12       | 18   | 18     | 18     | 19     | 19     | 20  |
| Outlays .....  |     | O              | 12       | 14   | 19     | 19     | 19     | 19     | 20  |
| <b>Forest and Wildlife Conservation, Military Reservations</b> |     |                |          |      |        |        |        |        |     |
| <i>Federal funds</i>   |     |                |          |      |        |        |        |        |     |
| <b>General and Special Funds:</b>                              |     |                |          |      |        |        |        |        |     |
| Wildlife conservation:   |     |                |          |      |        |        |        |        |     |
| Appropriation, mandatory .....                                 | 303 | BA             | 4        | 2    | 2      | 2      | 2      | 2      | 2   |
| Outlays .....  |     | O              | 2        | 3    | 2      | 4      | 4      | 4      | 4   |
| <b>Selective Service System</b>                                |     |                |          |      |        |        |        |        |     |
| <i>Federal funds</i>   |     |                |          |      |        |        |        |        |     |
| <b>General and Special Funds:</b>                              |     |                |          |      |        |        |        |        |     |
| Salaries and expenses:   |     |                |          |      |        |        |        |        |     |
| Appropriation, discretionary .....                             | 054 | BA             | 24       | 25   | 25     | 26     | 26     | 27     | 27  |
| Outlays .....  |     | O              | 23       | 24   | 25     | 25     | 26     | 26     | 27  |

**OTHER DEFENSE CIVIL PROGRAMS—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |         |         |         |         |         |
|--|----------|----------------|----------|---------|---------|---------|---------|---------|
|  |          |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Summary</b>                                     |          |                |          |         |         |         |         |         |
| Federal funds:                                     |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                   | BA       | 15,370         | 16,162   | 16,726  | 32,463  | 33,697  | 34,979  | 36,312  |
|  | O        | 15,363         | 16,154   | 16,728  | 31,133  | 32,309  | 33,528  | 34,798  |
| Deductions for offsetting receipts:                |          |                |          |         |         |         |         |         |
| Intrafund transactions .....                       | 054 BA/O |                |          |         | -9,036  | -9,397  | -9,773  | -10,164 |
| Proprietary receipts from the public .....         | 303 BA/O | -4             | -2       | -2      | -2      | -2      | -2      | -2      |
| Undistributed Federal Intrafund transactions ..... | 951 BA/O |                |          |         | -2,943  | -3,072  | -3,211  | -3,355  |
| Total Federal funds .....                          | BA       | 15,366         | 16,160   | 16,724  | 20,482  | 21,226  | 21,993  | 22,791  |
|  | O        | 15,359         | 16,152   | 16,726  | 19,152  | 19,838  | 20,542  | 21,277  |
| Trust funds:                                       |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                   | BA       | 33,184         | 34,772   | 35,695  | 36,706  | 37,735  | 38,748  | 39,815  |
|  | O        | 33,068         | 34,657   | 35,579  | 36,599  | 37,626  | 38,638  | 39,701  |
| Deductions for offsetting receipts:                |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public .....         | 602 BA/O | -13            | -15      | -15     | -16     | -16     | -16     | -16     |
| Total Trust funds .....                            | BA       | 33,171         | 34,757   | 35,680  | 36,690  | 37,719  | 38,732  | 39,799  |
|  | O        | 33,055         | 34,642   | 35,564  | 36,583  | 37,610  | 38,622  | 39,685  |
| Interfund transactions .....                       | 054 BA/O | -15,302        | -16,089  | -16,653 | -17,235 | -17,839 | -18,463 | -19,110 |
|  | 702 BA/O | -248           | -305     | -235    | -239    | -239    | -241    | -273    |
| Total Other Defense Civil Programs .....           | BA       | 32,987         | 34,523   | 35,516  | 39,698  | 40,867  | 42,021  | 43,207  |
|  | O        | 32,864         | 34,400   | 35,402  | 38,261  | 39,370  | 40,460  | 41,579  |

**ENVIRONMENTAL PROTECTION AGENCY**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |
| <b>General and Special Funds:</b>                                   |        |                |          |       |       |       |       |
| Program and research operations:                                    |        |                |          |       |       |       |       |
| Outlays .....   | 304 O  | 3              |          |       |       |       |       |
| Office of the Inspector General:                                    |        |                |          |       |       |       |       |
| Appropriation, discretionary .....                                  | 304 BA | 32             | 34       | 34    | 35    | 36    | 37    |
| Spending authority from offsetting collections, discretionary ..... | BA     | 11             | 12       | 12    | 12    | 11    | 15    |
| Outlays .....   | O      | 36             | 46       | 47    | 47    | 47    | 52    |
| Office of the Inspector General (gross) .....                       | BA     | 43             | 46       | 46    | 47    | 48    | 52    |
|   | O      | 36             | 46       | 47    | 47    | 47    | 52    |
| Change in uncollected customer payments from Federal sources .....  | BA     | 4              |          |       |       |       |       |
| Total, offsetting collections (cash) .....                          |        | -13            | -12      | -12   | -12   | -12   | -11   |
| Total Office of the Inspector General (net) .....                   | BA     | 34             | 34       | 34    | 35    | 36    | 37    |
|   | O      | 23             | 34       | 35    | 35    | 35    | 37    |
| Science and technology:   |        |                |          |       |       |       |       |
| Appropriation, discretionary .....                                  | 304 BA | 644            | 695      | 641   | 655   | 670   | 685   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 48             | 67       | 68    | 67    | 67    | 67    |
| Outlays .....   | O      | 677            | 772      | 789   | 797   | 785   | 809   |
| Science and technology (gross) .....                                | BA     | 692            | 762      | 709   | 722   | 737   | 752   |
|   | O      | 677            | 772      | 789   | 797   | 785   | 809   |
| Total, offsetting collections (cash) .....                          |        | -48            | -67      | -68   | -67   | -67   | -67   |
| Total Science and technology (net) .....                            | BA     | 644            | 695      | 641   | 655   | 670   | 685   |
|   | O      | 629            | 705      | 721   | 730   | 718   | 742   |
| Environmental programs and management:                              |        |                |          |       |       |       |       |
| Appropriation, discretionary .....                                  | 304 BA | 1,897          | 2,083    | 1,973 | 2,017 | 2,062 | 2,108 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 50             | 45       | 45    | 45    | 45    | 45    |
| Outlays .....   | O      | 1,893          | 2,058    | 2,144 | 2,151 | 2,132 | 2,152 |
| Environmental programs and management (gross) .....                 | BA     | 1,947          | 2,128    | 2,018 | 2,062 | 2,107 | 2,153 |
|   | O      | 1,893          | 2,058    | 2,144 | 2,151 | 2,132 | 2,152 |



**ENVIRONMENTAL PROTECTION AGENCY—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |       |       |       |       |       |
|---|----------|----------------|----------|-------|-------|-------|-------|-------|
|   |          |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Leaking underground storage tank trust fund:</b>                 |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 304 BA   | 70             | 72       | 72    | 74    | 75    | 77    | 79    |
| Outlays .....   | O        | 64             | 70       | 74    | 82    | 82    | 85    | 81    |
| <b>Oil spill response:</b>  |          |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                  | 304 BA   | 15             | 15       | 15    | 15    | 16    | 16    | 16    |
| Spending authority from offsetting collections, discretionary ..... | BA       | 35             | 34       | 26    | 26    | 26    | 26    | 26    |
| Outlays .....   | O        | 38             | 59       | 49    | 45    | 46    | 47    | 47    |
| Oil spill response (gross) .....                                    | BA       | 50             | 49       | 41    | 41    | 42    | 42    | 42    |
|   | O        | 38             | 59       | 49    | 45    | 46    | 47    | 47    |
| Total, offsetting collections (cash) .....                          |          | -35            | -34      | -26   | -26   | -26   | -26   | -26   |
| Total Oil spill response (net) .....                                | BA       | 15             | 15       | 15    | 15    | 16    | 16    | 16    |
|   | O        | 3              | 25       | 23    | 19    | 20    | 21    | 21    |
| <b>Summary</b>  |          |                |          |       |       |       |       |       |
| <b>Federal funds:</b>   |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                                    | BA       | 6,787          | 7,095    | 6,596 | 6,698 | 6,824 | 6,449 | 5,781 |
|   | O        | 6,512          | 6,867    | 7,038 | 7,081 | 7,027 | 7,103 | 7,056 |
| Deductions for offsetting receipts:                                 |          |                |          |       |       |       |       |       |
| Offsetting governmental receipts .....                              | 304 BA/O | -13            | -13      | -13   | -13   | -13   | -13   | -13   |
|   |          |                |          | -4    | -8    | -8    | -8    | -8    |
| Total Federal funds .....   | BA       | 6,774          | 7,082    | 6,579 | 6,677 | 6,803 | 6,428 | 5,760 |
|   | O        | 6,499          | 6,854    | 7,021 | 7,060 | 7,006 | 7,082 | 7,035 |
| <b>Trust funds:</b>   |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                                    | BA       | 1,485          | 1,354    | 1,355 | 1,385 | 1,417 | 1,448 | 1,480 |
|   | O        | 1,670          | 1,475    | 1,384 | 1,386 | 1,387 | 1,393 | 1,410 |
| Deductions for offsetting receipts:                                 |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public .....                          | 304 BA/O | -231           | -200     | -175  | -175  | -175  | -175  | -175  |
| Total Trust funds .....   | BA       | 1,254          | 1,154    | 1,180 | 1,210 | 1,242 | 1,273 | 1,305 |
|   | O        | 1,439          | 1,275    | 1,209 | 1,211 | 1,212 | 1,218 | 1,235 |
| Interfund transactions .....  | 304 BA/O | -700           | -634     | -634  | -633  | -651  | -669  | -689  |
| Total Environmental Protection Agency .....                         | BA       | 7,328          | 7,602    | 7,125 | 7,254 | 7,394 | 7,032 | 6,376 |
|   | O        | 7,238          | 7,495    | 7,596 | 7,638 | 7,567 | 7,631 | 7,581 |

**EXECUTIVE OFFICE OF THE PRESIDENT**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Compensation of the President and the White House Office</b>            |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| <b>Compensation of the President and the White House Office:</b>           |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 802 BA | 52             | 54       | 55   | 56   | 57   | 59   | 60   |
| Spending authority from offsetting collections, discretionary .....        | BA     | 1              | 1        | 1    |      |      |      |      |
| Outlays .....  | O      | 52             | 56       | 56   | 56   | 57   | 58   | 60   |
| Compensation of the President and the White House Office (gross) .....     | BA     | 53             | 55       | 56   | 56   | 57   | 59   | 60   |
|  | O      | 52             | 56       | 56   | 56   | 57   | 58   | 60   |
| Change in uncollected customer payments from Federal sources .....         | BA     | -2             | 2        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                                 |        | 1              | -4       | -1   |      |      |      |      |
| Total Compensation of the President and the White House Office (net) ..... | BA     | 52             | 53       | 55   | 56   | 57   | 59   | 60   |
|  | O      | 53             | 52       | 55   | 56   | 57   | 58   | 60   |

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Executive Residence at the White House</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Operating expenses:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 9              | 11       | 12    | 12    | 13    | 13    | 13    |
| Spending authority from offsetting collections, discretionary .....                            | BA     | 5              | 4        | 4     | 5     | 5     | 5     | 5     |
| Outlays .....  | O      | 14             | 15       | 16    | 17    | 17    | 18    | 19    |
| Operating expenses (gross) .....   | BA     | 14             | 15       | 16    | 17    | 18    | 18    | 18    |
|  | O      | 14             | 15       | 16    | 17    | 17    | 18    | 19    |
| Total, offsetting collections (cash) .....   |        | -5             | -4       | -4    | -5    | -5    | -5    | -5    |
| Total Operating expenses (net) .....   | BA     | 9              | 11       | 12    | 12    | 13    | 13    | 13    |
|  | O      | 9              | 11       | 12    | 12    | 12    | 13    | 14    |
| White House repair and restoration:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 1              | 1        | 9     | 9     | 9     | 10    | 10    |
| Outlays .....  | O      | .....          | 1        | 3     | 9     | 9     | 10    | 10    |
| Total Federal funds Executive Residence at the White House .....                               | BA     | 10             | 12       | 21    | 21    | 22    | 23    | 23    |
|  | O      | 9              | 12       | 15    | 21    | 21    | 23    | 24    |
| <b>Special Assistance to the President and the Official Residence of the Vice President</b>    |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Special Assistance to the President and the Official Residence of the Vice President:          |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....  | O      | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| <b>Council of Economic Advisers</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Salaries and expenses:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| Outlays .....  | O      | 4              | 3        | 4     | 4     | 4     | 5     | 5     |
| <b>Council on Environmental Quality and Office of Environmental Quality</b>                    |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Council on Environmental Quality and Office of Environmental Quality:                          |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| Outlays .....  | O      | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| <b>Intragovernmental Funds:</b>  |        |                |          |       |       |       |       |       |
| Management fund, Office of Environmental Quality:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory .....                                | 802 BA | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays .....  | O      | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Management fund, Office of Environmental Quality (gross) .....                                 | BA     | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
|  | O      | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| Total, offsetting collections (cash) .....   |        | -1             | -1       | -1    | -1    | -1    | -1    | -1    |
| Total Management fund, Office of Environmental Quality (net) .....                             | BA     | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
|  | O      | .....          | .....    | ..... | ..... | ..... | ..... | ..... |
| Total Federal funds Council on Environmental Quality and Office of Environmental Quality ..... | BA     | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
|  | O      | 3              | 3        | 3     | 3     | 3     | 3     | 3     |
| <b>Office of Policy Development</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>   |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>  |        |                |          |       |       |       |       |       |
| Salaries and expenses:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....   | 802 BA | 4              | 4        | 4     | 4     | 4     | 4     | 4     |

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |      |      |      |      |      |
|---|--------|----------------|----------|------|------|------|------|------|
|   |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....   | O      | 5              | 3        | 4    | 5    | 5    | 5    | 5    |
| <b>National Security Council</b>                                    |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 802 BA | 7              | 7        | 7    | 7    | 7    | 7    | 8    |
| Outlays .....   | O      | 7              | 6        | 7    | 7    | 7    | 8    | 8    |
| <b>Office of Administration</b>                                     |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 802 BA | 39             | 44       | 46   | 47   | 48   | 49   | 50   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 5              | 6        |      | 6    | 6    | 6    | 6    |
| Outlays .....   | O      | 45             | 48       | 45   | 53   | 54   | 55   | 56   |
| Salaries and expenses (gross) .....                                 | BA     | 44             | 50       | 46   | 53   | 54   | 55   | 56   |
|   | O      | 45             | 48       | 45   | 53   | 54   | 55   | 56   |
| Change in uncollected customer payments from Federal sources .....  | BA     | -5             | 5        |      |      |      |      |      |
| Total, offsetting collections (cash) .....                          |        | -1             | -11      |      | -6   | -6   | -9   | -6   |
| Total Salaries and expenses (net) .....                             | BA     | 38             | 44       | 46   | 47   | 48   | 46   | 50   |
|   | O      | 44             | 37       | 45   | 47   | 48   | 46   | 50   |
| <b>Armstrong Resolution</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Armstrong resolution account:                                       |        |                |          |      |      |      |      |      |
| Outlays .....   | 802 O  | 2              | 1        |      |      |      |      |      |
| <b>Office of Management and Budget</b>                              |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 802 BA | 63             | 69       | 71   | 73   | 74   | 76   | 77   |
| Outlays .....   | O      | 65             | 68       | 71   | 72   | 74   | 75   | 78   |
| <b>Office of National Drug Control Policy</b>                       |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Salaries and expenses   |        |                |          |      |      |      |      |      |
| (Executive direction and management):                               |        |                |          |      |      |      |      |      |
| (Appropriation, discretionary) .....                                | 802 BA | 23             | 25       | 25   | 26   | 26   | 27   | 27   |
| (Outlays) .....   | O      | 23             | 25       | 25   | 25   | 26   | 26   | 27   |
| Total Salaries and expenses .....                                   | BA     | 23             | 25       | 25   | 26   | 26   | 27   | 27   |
|   | O      | 23             | 25       | 25   | 25   | 26   | 26   | 27   |
| Counterdrug Technology Assessment Center:                           |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 802 BA | 32             | 36       | 40   | 41   | 42   | 43   | 44   |
| Outlays .....   | O      | 32             | 36       | 40   | 41   | 42   | 43   | 44   |
| Total Federal funds Office of National Drug Control Policy .....    | BA     | 55             | 61       | 65   | 67   | 68   | 70   | 71   |
|   | O      | 55             | 61       | 65   | 66   | 68   | 69   | 71   |
| <b>Office of Science and Technology Policy</b>                      |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                                   |        |                |          |      |      |      |      |      |
| Office of Science and Technology Policy:                            |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....                                  | 802 BA | 5              | 5        | 5    | 5    | 5    | 5    | 5    |

**EXECUTIVE OFFICE OF THE PRESIDENT—Continued**  
(In millions of dollars)

| Account       |   | 2000<br>actual | estimate |      |      |      |      |      |
|---------------|---|----------------|----------|------|------|------|------|------|
|               |   |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays ..... | O | 5              | 5        | 5    | 5    | 5    | 5    | 5    |

**Office of the United States Trade Representative**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 802 BA | 26 | 30 | 30 | 31 | 31 | 32 | 33 |
| Outlays .....                      | O      | 26 | 30 | 30 | 31 | 31 | 32 | 33 |

**Unanticipated Needs**

*Federal funds*

**General and Special Funds:**

Unanticipated needs:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 802 BA | 1 | 4 | 1 | 1 | 1 | 1 | 1 |
| Outlays .....                      | O      | 1 | 4 | 1 | 1 | 1 | 1 | 1 |

**Summary**

Federal funds:

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total Executive Office of the President ..... | BA | 272 | 300 | 316 | 323 | 328 | 334 | 343 |
|   | O  | 283 | 289 | 309 | 322 | 328 | 334 | 347 |

**FEDERAL EMERGENCY MANAGEMENT AGENCY**

(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Disaster relief:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 453 BA | 2,765          | 1,593    | 1,366 | 1,396 | 1,428 | 1,459 | 1,492 |
| Outlays .....   | O      | 2,628          | 2,236    | 2,364 | 2,496 | 2,274 | 2,117 | 1,780 |
| Disaster assistance for unmet needs:                                  |        |                |          |       |       |       |       |       |
| Outlays .....   | 453 O  | 50             | 90       | 54    | 19    | 14    | 3     |       |
| Salaries and expenses   |        |                |          |       |       |       |       |       |
| (Defense-related activities):   |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 054 BA | 26             | 28       | 30    | 31    | 31    | 32    | 33    |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 4              | 4        | 4     | 4     | 4     | 4     | 4     |
| (Outlays) .....   | O      | 30             | 32       | 34    | 35    | 36    | 36    | 37    |
| Salaries and expenses (gross) .....                                   | BA     | 30             | 32       | 34    | 35    | 35    | 36    | 37    |
|   | O      | 30             | 32       | 34    | 35    | 36    | 36    | 37    |
| Total, offsetting collections (cash) .....                            |        | -4             | -4       | -4    | -4    | -4    | -4    | -4    |
| Total (Defense-related activities) (net) .....                        | BA     | 26             | 28       | 30    | 31    | 31    | 32    | 33    |
|   | O      | 26             | 28       | 30    | 31    | 32    | 32    | 33    |
| (Disaster relief and insurance):                                      |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 453 BA | 156            | 187      | 204   | 209   | 213   | 218   | 223   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
| (Outlays) .....   | O      | 162            | 181      | 203   | 210   | 214   | 219   | 224   |
| Salaries and expenses (gross) .....                                   | BA     | 184            | 217      | 236   | 242   | 246   | 252   | 258   |
|   | O      | 188            | 209      | 233   | 241   | 246   | 251   | 257   |
| Total, offsetting collections (cash) .....                            |        | -2             | -2       | -2    | -2    | -2    | -2    | -2    |
| Total (Disaster relief and insurance) (net) .....                     | BA     | 156            | 187      | 204   | 209   | 213   | 218   | 223   |
|   | O      | 160            | 179      | 201   | 208   | 212   | 217   | 222   |
| Total Salaries and expenses .....                                     | BA     | 182            | 215      | 234   | 240   | 244   | 250   | 256   |
|   | O      | 186            | 207      | 231   | 239   | 244   | 249   | 255   |

**FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |             |              |              |              |              |
|--|--------|----------------|----------|-------------|--------------|--------------|--------------|--------------|
|  |        |                | 2001     | 2002        | 2003         | 2004         | 2005         | 2006         |
| Emergency management planning and assistance                             |        |                |          |             |              |              |              |              |
| (Defense-related activities):  |        |                |          |             |              |              |              |              |
| (Appropriation, discretionary) .....                                     | 054 BA | 20             | 20       | 20          | 20           | 21           | 21           | 22           |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 87             | 77       | 77          | 77           | 77           | 77           | 77           |
| (Outlays) .....  | O      | 101            | 96       | 97          | 97           | 97           | 98           | 99           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Emergency management planning and assistance (gross) .....               | BA     | 107            | 97       | 97          | 97           | 98           | 98           | 99           |
|  | O      | 101            | 96       | 97          | 97           | 97           | 98           | 99           |
| <hr/>  |        |                |          |             |              |              |              |              |
| (Change in uncollected customer payments from Federal sources) .....     | BA     | 92             |          |             |              |              |              |              |
| (Adjustment to uncollected customer payments from Federal sources) ..... | BA     | -92            |          |             |              |              |              |              |
| Total, offsetting collections (cash) .....                               |        | -87            | -77      | -77         | -77          | -77          | -77          | -77          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total (Defense-related activities) (net) .....                           | BA     | 20             | 20       | 20          | 20           | 21           | 21           | 22           |
|  | O      | 14             | 19       | 20          | 20           | 20           | 21           | 22           |
| <hr/>  |        |                |          |             |              |              |              |              |
| (Disaster relief and insurance):   |        |                |          |             |              |              |              |              |
| (Appropriation, discretionary) .....                                     | 453 BA | 250            | 352      | 338         | 346          | 353          | 361          | 369          |
| (Spending authority from offsetting collections, discretionary) .....    | BA     | 3              | 3        | 3           | 3            | 3            | 3            | 3            |
| (Outlays) .....  | O      | 197            | 300      | 341         | 345          | 351          | 360          | 367          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Emergency management planning and assistance (gross) .....               | BA     | 273            | 375      | 361         | 369          | 377          | 385          | 394          |
|  | O      | 211            | 319      | 361         | 365          | 371          | 381          | 389          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total, offsetting collections (cash) .....                               |        | -3             | -3       | -3          | -3           | -3           | -3           | -3           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total (Disaster relief and insurance) (net) .....                        | BA     | 250            | 352      | 338         | 346          | 353          | 361          | 369          |
|  | O      | 194            | 297      | 338         | 342          | 348          | 357          | 364          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total Emergency management planning and assistance .....                 | BA     | 270            | 372      | 358         | 366          | 374          | 382          | 391          |
|  | O      | 208            | 316      | 358         | 362          | 368          | 378          | 386          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Office of the Inspector General:   |        |                |          |             |              |              |              |              |
| Appropriation, discretionary .....                                       | 453 BA | 8              | 10       | 10          | 10           | 10           | 11           | 11           |
| Outlays .....  | O      | 6              | 10       | 11          | 11           | 11           | 11           | 11           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Emergency food and shelter program:                                      |        |                |          |             |              |              |              |              |
| Appropriation, discretionary .....                                       | 605 BA | 110            | 140      | 140         | 143          | 146          | 150          | 153          |
| Outlays .....  | O      | 110            | 140      | 140         | 143          | 146          | 150          | 153          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Office of Cerro Grande Fire Claims:                                      |        |                |          |             |              |              |              |              |
| Appropriation, discretionary .....                                       | 453 BA | 500            |          |             |              |              |              |              |
| Outlays .....  | O      | 4              | 258      | 199         | 38           | 1            |              |              |
| <hr/>  |        |                |          |             |              |              |              |              |
| Radiological emergency preparedness fund:                                |        |                |          |             |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | 453 BA | 13             | 14       | 14          | 15           | 15           | 16           | 16           |
| Outlays .....  | O      | 15             | 12       | 14          | 15           | 15           | 16           | 16           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Radiological emergency preparedness fund (gross) .....                   | BA     | 13             | 14       | 14          | 15           | 15           | 16           | 16           |
|  | O      | 15             | 12       | 14          | 15           | 15           | 16           | 16           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total, offsetting collections (cash) .....                               |        | -14            | -14      | -15         | -15          | -16          | -16          | -17          |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total Radiological emergency preparedness fund (net) .....               | BA     | -1             |          | -1          |              | -1           |              | -1           |
|  | O      | 1              | -2       | -1          |              | -1           |              | -1           |
| <hr/>  |        |                |          |             |              |              |              |              |
| Flood map modernization fund:  |        |                |          |             |              |              |              |              |
| Appropriation, discretionary .....                                       | 453 BA | 5              |          |             |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | BA     |                | 18       | 7           |              |              |              |              |
| Outlays .....  | O      |                | 10       | 12          | 7            | 1            |              |              |
| <hr/>  |        |                |          |             |              |              |              |              |
| Total Flood map modernization fund .....                                 | BA     | 5              | 18       | 7           |              |              |              |              |
|  | O      |                | 10       | 12          | 7            | 1            |              |              |
| <hr/>  |        |                |          |             |              |              |              |              |
| <b>Public Enterprise Funds:</b>  |        |                |          |             |              |              |              |              |
| National flood insurance fund:   |        |                |          |             |              |              |              |              |
| Spending authority from offsetting collections, discretionary .....      | 453 BA | 83             | 65       | 78          | 87           | 88           | 88           | 88           |
| Spending authority from offsetting collections, mandatory .....          | BA     | 804            | 1,297    | 1,346       | 1,599        | 1,673        | 1,752        | 1,834        |
|  |        |                |          | <i>B 7</i>  | <i>B 26</i>  | <i>B 71</i>  | <i>B 167</i> | <i>B 302</i> |
| Outlays .....  | O      | 1,355          | 1,416    | 1,468       | 1,538        | 1,605        | 1,674        | 1,746        |
|  |        |                |          | <i>B -5</i> | <i>B -35</i> | <i>B -52</i> | <i>B -65</i> | <i>B -75</i> |
| <hr/>  |        |                |          |             |              |              |              |              |
| National flood insurance fund (gross) .....                              | BA     | 887            | 1,362    | 1,431       | 1,712        | 1,832        | 2,007        | 2,224        |
|  | O      | 1,355          | 1,416    | 1,463       | 1,503        | 1,553        | 1,609        | 1,671        |

**FEDERAL EMERGENCY MANAGEMENT AGENCY—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate       |                      |                       |                       |                        |                        |
|---|----------|----------------|----------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|
|   |          |                | 2001           | 2002                 | 2003                  | 2004                  | 2005                   | 2006                   |
| Total, offsetting collections (cash)                          |          | -1,475         | -1,553         | -1,633<br><i>B-7</i> | -1,782<br><i>B-26</i> | -1,865<br><i>B-71</i> | -1,951<br><i>B-167</i> | -2,041<br><i>B-302</i> |
| Total National flood insurance fund (net)                     | BA<br>O  | -588<br>-120   | -191<br>-137   | -209<br>-177         | -96<br>-305           | -104<br>-383          | -111<br>-509           | -119<br>-672           |
| National flood mitigation fund:                               |          |                |                |                      |                       |                       |                        |                        |
| Spending authority from offsetting collections, discretionary | 453 BA   | 20             | 20             | 20                   | 20                    | 20                    | 20                     |                        |
| Outlays   | O        | 13             | 23             | 20                   | 24                    | 22                    | 20                     |                        |
| <b>Intragovernmental Funds:</b>                               |          |                |                |                      |                       |                       |                        |                        |
| Working capital fund:   |          |                |                |                      |                       |                       |                        |                        |
| Spending authority from offsetting collections, discretionary | 803 BA   | 23             | 24             | 24                   | 29                    | 30                    | 31                     | 32                     |
| Outlays   | O        | 20             | 25             | 28                   | 29                    | 30                    | 31                     | 32                     |
| Working capital fund (gross)                                  | BA<br>O  | 23<br>20       | 24<br>25       | 24<br>28             | 29<br>29              | 30<br>30              | 31<br>31               | 32<br>32               |
| Change in uncollected customer payments from Federal sources  | BA       | -1             |                |                      |                       |                       |                        |                        |
| Total, offsetting collections (cash)                          |          | -22            | -24            | -24                  | -29                   | -30                   | -31                    | -32                    |
| Total Working capital fund (net)                              | BA<br>O  | -2<br>-2       | 1<br>1         | 4<br>4               |                       |                       |                        |                        |
| <b>Credit Accounts:</b>                                       |          |                |                |                      |                       |                       |                        |                        |
| Disaster assistance direct loan program account:              |          |                |                |                      |                       |                       |                        |                        |
| Appropriation, discretionary                                  | 453 BA   | 2              | 2              | 1                    | 1                     | 1                     | 1                      |                        |
| Appropriation, mandatory                                      | BA       | 68             | 45             |                      |                       |                       |                        |                        |
| Outlays   | O        | 68             | 47             | 1                    | 1                     | 1                     | 1                      |                        |
| Limitation on direct loan activity                            |          | (25)           | (25)           | (25)                 | (26)                  | (26)                  | (27)                   |                        |
| Total Disaster assistance direct loan program account         | BA<br>O  | 70<br>68       | 47<br>47       | 1<br>1               | 1<br>1                | 1<br>1                | 1<br>1                 |                        |
| Disaster assistance direct loan liquidating account:          |          |                |                |                      |                       |                       |                        |                        |
| Total, offsetting collections (cash)                          | 453      | -9             | -44            |                      |                       |                       |                        |                        |
| <b>Summary</b>  |          |                |                |                      |                       |                       |                        |                        |
| Federal funds:  |          |                |                |                      |                       |                       |                        |                        |
| (As shown in detail above)                                    | BA<br>O  | 3,332<br>3,143 | 2,180<br>3,155 | 1,926<br>3,216       | 2,080<br>3,035        | 2,118<br>2,698        | 2,162<br>2,420         | 2,204<br>1,933         |
| Deductions for offsetting receipts:                           |          |                |                |                      |                       |                       |                        |                        |
| Proprietary receipts from the public                          | 453 BA/O |                | -10            |                      |                       |                       |                        |                        |
| Offsetting governmental receipts                              | 453 BA/O |                | -1             |                      |                       |                       |                        |                        |
| Total Federal Emergency Management Agency                     | BA<br>O  | 3,331<br>3,142 | 2,170<br>3,145 | 1,926<br>3,216       | 2,080<br>3,035        | 2,118<br>2,698        | 2,162<br>2,420         | 2,204<br>1,933         |

**GENERAL SERVICES ADMINISTRATION**  
(In millions of dollars)

| Account   |         | 2000<br>actual | estimate |      |      |      |      |      |
|---|---------|----------------|----------|------|------|------|------|------|
|   |         |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Real Property Activities</b>                               |         |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |         |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |         |                |          |      |      |      |      |      |
| Real property relocation:                                     |         |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary | 804 BA  | 1              |          |      |      |      |      |      |
| Outlays   | O       | 1              | 12       |      |      |      |      |      |
| Real property relocation (gross)                              | BA<br>O | 1<br>1         |          | 12   |      |      |      |      |
| Total, offsetting collections (cash)                          |         | -1             |          |      |      |      |      |      |
| Total Real property relocation (net)                          | BA<br>O |                | 12       |      |      |      |      |      |

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |         |         |         |         |         |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Disposal of surplus real and related personal property:       |        |                |          |         |         |         |         |         |
| Appropriation, mandatory                                      | 804 BA | 6              | 8        | 8       | 8       | 8       | 9       | 9       |
| Outlays   | O      | 5              | 8        | 8       | 8       | 8       | 9       | 9       |
| <b>Intragovernmental Funds:</b>                               |        |                |          |         |         |         |         |         |
| Federal buildings fund:                                       |        |                |          |         |         |         |         |         |
| Appropriation, discretionary                                  | 804 BA |                | 477      |         | 276     | 282     | 288     | 295     |
| Advance appropriation, discretionary                          | BA     |                |          | 276     |         |         |         |         |
| Spending authority from offsetting collections, discretionary | BA     | 6,854          | 6,710    | 7,118   | 7,234   | 7,413   | 7,598   | 7,787   |
| Outlays   | O      | 6,626          | 7,289    | 6,986   | 7,275   | 7,565   | 7,777   | 7,897   |
| Limitation on program level (obligations)                     |        | (5,471)        | (6,132)  | (6,384) | (6,478) | (6,671) | (6,856) | (7,033) |
| Limitation on direct loan activity                            |        | (14)           |          |         |         |         |         |         |
| Federal buildings fund (gross)                                | BA     | 6,854          | 7,187    | 7,394   | 7,510   | 7,695   | 7,886   | 8,082   |
|   | O      | 6,626          | 7,289    | 6,986   | 7,275   | 7,565   | 7,777   | 7,897   |
| Change in uncollected customer payments from Federal sources  | BA     | -355           |          |         |         |         |         |         |
| Total, offsetting collections (cash)                          |        | -6,710         | -6,906   | -7,087  | -7,201  | -7,381  | -7,563  | -7,752  |
| Total Federal buildings fund (net)                            | BA     | -211           | 281      | 307     | 309     | 314     | 323     | 330     |
|   | O      | -84            | 383      | -101    | 74      | 184     | 214     | 145     |
| Total Federal funds Real Property Activities                  | BA     | -205           | 289      | 315     | 317     | 322     | 332     | 339     |
|   | O      | -79            | 403      | -93     | 82      | 192     | 223     | 154     |

**Supply and Technology Activities**

*Federal funds*

|   |        |        |        |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>General and Special Funds:</b>                                       |        |        |        |        |        |        |        |        |
| Expenses of transportation audit contracts and contract administration: |        |        |        |        |        |        |        |        |
| Appropriation, mandatory  | 804 BA | 12     | 13     | 13     | 13     | 14     | 14     | 8      |
| Outlays   | O      | 10     | 13     | 13     | 13     | 14     | 14     | 8      |
| <b>Intragovernmental Funds:</b>   |        |        |        |        |        |        |        |        |
| General supply fund:  |        |        |        |        |        |        |        |        |
| Spending authority from offsetting collections, mandatory               | 804 BA | 3,474  | 3,581  | 3,623  | 3,695  | 3,769  | 3,845  | 3,922  |
| Outlays   | O      | 3,340  | 3,581  | 3,623  | 3,695  | 3,769  | 3,845  | 3,922  |
| General supply fund (gross)   | BA     | 3,474  | 3,581  | 3,623  | 3,695  | 3,769  | 3,845  | 3,922  |
|   | O      | 3,340  | 3,581  | 3,623  | 3,695  | 3,769  | 3,845  | 3,922  |
| Change in uncollected customer payments from Federal sources            | BA     | -93    |        |        |        |        |        |        |
| Total, offsetting collections (cash)                                    |        | -3,381 | -3,581 | -3,623 | -3,695 | -3,769 | -3,845 | -3,922 |
| Total General supply fund (net)   | BA     |        |        |        |        |        |        |        |
|   | O      | -41    |        |        |        |        |        |        |
| Information technology fund:  |        |        |        |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary           | 804 BA | 5,414  | 5,623  | 6,147  | 6,276  | 6,408  | 6,542  | 6,680  |
| Outlays   | O      | 4,671  | 5,689  | 6,147  | 6,276  | 6,408  | 6,542  | 6,680  |
| Information technology fund (gross)                                     | BA     | 5,414  | 5,623  | 6,147  | 6,276  | 6,408  | 6,542  | 6,680  |
|   | O      | 4,671  | 5,689  | 6,147  | 6,276  | 6,408  | 6,542  | 6,680  |
| Change in uncollected customer payments from Federal sources            | BA     | -706   |        |        |        |        |        |        |
| Total, offsetting collections (cash)                                    |        | -4,708 | -5,623 | -6,147 | -6,276 | -6,408 | -6,542 | -6,680 |
| Total Information technology fund (net)                                 | BA     |        |        |        |        |        |        |        |
|   | O      | -37    | 66     |        |        |        |        |        |
| Total Federal funds Supply and Technology Activities                    | BA     | 12     | 13     | 13     | 13     | 14     | 14     | 8      |
|   | O      | -68    | 79     | 13     | 13     | 14     | 14     | 8      |

**General Activities**

*Federal funds*

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| <b>General and Special Funds:</b>                             |        |     |     |     |     |     |     |     |
| Policy and operations:  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary                                  | 804 BA | 139 | 137 | 138 | 141 | 144 | 147 | 151 |
| Spending authority from offsetting collections, discretionary | BA     | 11  | 20  | 21  | 18  | 18  | 18  | 18  |

**GENERAL SERVICES ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate   |             |            |            |            |            |
|---|----------|----------------|------------|-------------|------------|------------|------------|------------|
|   |          |                | 2001       | 2002        | 2003       | 2004       | 2005       | 2006       |
| Outlays .....   | O        | 165            | 157        | 177         | 173        | 162        | 164        | 168        |
| Policy and operations (gross) .....                                 | BA       | <b>150</b>     | <b>157</b> | <b>159</b>  | <b>159</b> | <b>162</b> | <b>165</b> | <b>169</b> |
|   | O        | 165            | 157        | 177         | 173        | 162        | 164        | 168        |
| Total, offsetting collections (cash) .....                          |          | -11            | -20        | -21         | -18        | -18        | -18        | -18        |
| Total Policy and operations (net) .....                             | BA       | <b>139</b>     | <b>137</b> | <b>138</b>  | <b>141</b> | <b>144</b> | <b>147</b> | <b>151</b> |
|   | O        | 154            | 137        | 156         | 155        | 144        | 146        | 150        |
| <b>Office of Inspector General:</b>                                 |          |                |            |             |            |            |            |            |
| Appropriation, discretionary .....                                  | 804 BA   | <b>33</b>      | <b>34</b>  | <b>36</b>   | <b>37</b>  | <b>38</b>  | <b>38</b>  | <b>39</b>  |
| Outlays .....   | O        | 33             | 34         | 36          | 37         | 37         | 38         | 39         |
| <b>Electronic government (E-GOV) fund:</b>                          |          |                |            |             |            |            |            |            |
| Appropriation, discretionary .....                                  | 804 BA   |                |            | <b>20</b>   | <b>45</b>  | <b>35</b>  |            |            |
| Outlays .....   | O        |                |            | 18          | 42         | 36         | 4          | 1          |
| <b>Allowances and office staff for former Presidents:</b>           |          |                |            |             |            |            |            |            |
| Appropriation, discretionary .....                                  | 802 BA   | <b>2</b>       | <b>3</b>   | <b>4</b>    | <b>4</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>   |
| Outlays .....   | O        | 2              | 3          | 4           | 4          | 4          | 4          | 4          |
| <b>Expenses, Presidential transition:</b>                           |          |                |            |             |            |            |            |            |
| Appropriation, discretionary .....                                  | 802 BA   |                | <b>7</b>   |             |            |            |            |            |
| Outlays .....   | O        |                | 7          |             |            |            |            |            |
| <b>Public Enterprise Funds:</b>                                     |          |                |            |             |            |            |            |            |
| <b>Federal Consumer Information Center fund:</b>                    |          |                |            |             |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA   | <b>3</b>       | <b>7</b>   | <b>7</b>    | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
| Spending authority from offsetting collections, discretionary ..... | BA       | <b>4</b>       | <b>4</b>   | <b>4</b>    | <b>4</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>   |
| Outlays .....   | O        | 6              | 11         | 15          | 11         | 11         | 11         | 12         |
| Federal Consumer Information Center fund (gross) .....              | BA       | <b>7</b>       | <b>11</b>  | <b>11</b>   | <b>11</b>  | <b>11</b>  | <b>11</b>  | <b>12</b>  |
|   | O        | 6              | 11         | 15          | 11         | 11         | 11         | 12         |
| Total, offsetting collections (cash) .....                          |          | -4             | -4         | -4          | -4         | -4         | -4         | -4         |
| Total Federal Consumer Information Center fund (net) .....          | BA       | <b>3</b>       | <b>7</b>   | <b>7</b>    | <b>7</b>   | <b>7</b>   | <b>7</b>   | <b>8</b>   |
|   | O        | 2              | 7          | 11          | 7          | 7          | 7          | 8          |
| <b>Intragovernmental Funds:</b>                                     |          |                |            |             |            |            |            |            |
| <b>Working capital fund:</b>  |          |                |            |             |            |            |            |            |
| Reappropriation, discretionary .....                                | 804 BA   | <b>5</b>       |            |             |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | BA       | <b>237</b>     | <b>289</b> | <b>298</b>  | <b>297</b> | <b>297</b> | <b>297</b> | <b>297</b> |
| Outlays .....   | O        | 245            | 289        | 298         | 297        | 297        | 297        | 297        |
| Working capital fund (gross) .....                                  | BA       | <b>242</b>     | <b>289</b> | <b>298</b>  | <b>297</b> | <b>297</b> | <b>297</b> | <b>297</b> |
|   | O        | 245            | 289        | 298         | 297        | 297        | 297        | 297        |
| Change in uncollected customer payments from Federal sources .....  | BA       | <b>3</b>       |            |             |            |            |            |            |
| Total, offsetting collections (cash) .....                          |          | -240           | -289       | -298        | -297       | -297       | -297       | -297       |
| Total Working capital fund (net) .....                              | BA       | <b>5</b>       |            |             |            |            |            |            |
|   | O        | 5              |            |             |            |            |            |            |
| Total Federal funds General Activities .....                        | BA       | <b>182</b>     | <b>188</b> | <b>205</b>  | <b>234</b> | <b>228</b> | <b>196</b> | <b>202</b> |
|   | O        | 196            | 188        | 225         | 245        | 228        | 199        | 202        |
| <b>Summary</b>  |          |                |            |             |            |            |            |            |
| <b>Federal funds:</b>   |          |                |            |             |            |            |            |            |
| (As shown in detail above) .....                                    | BA       | <b>-11</b>     | <b>490</b> | <b>533</b>  | <b>564</b> | <b>564</b> | <b>542</b> | <b>549</b> |
|   | O        | 49             | 670        | 145         | 340        | 434        | 436        | 364        |
| <b>Deductions for offsetting receipts:</b>                          |          |                |            |             |            |            |            |            |
| Proprietary receipts from the public .....                          | 407 BA/O |                |            | <b>-340</b> |            |            |            |            |
|   | 804 BA/O | <b>-21</b>     | <b>-67</b> | <b>-28</b>  | <b>-32</b> | <b>-27</b> | <b>-26</b> | <b>-24</b> |
| Total General Services Administration .....                         | BA       | <b>-32</b>     | <b>423</b> | <b>165</b>  | <b>532</b> | <b>537</b> | <b>516</b> | <b>525</b> |
|   | O        | 28             | 603        | -223        | 308        | 407        | 410        | 340        |

## INTERNATIONAL ASSISTANCE PROGRAMS

(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       | 2006  |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  |       |
| <b>International Security Assistance</b>  |        |                |          |       |       |       |       |       |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>   |        |                |          |       |       |       |       |       |
| Economic support fund:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 152 BA | 2,900          | 2,315    | 2,289 | 2,340 | 2,392 | 2,445 | 2,500 |
| Spending authority from offsetting collections, discretionary .....               | BA     | 1              |          |       |       |       |       |       |
| Outlays .....   | O      | 2,463          | 2,286    | 2,270 | 2,295 | 2,327 | 2,374 | 2,414 |
| Economic support fund (gross) .....   | BA     | 2,901          | 2,315    | 2,289 | 2,340 | 2,392 | 2,445 | 2,500 |
|   | O      | 2,463          | 2,286    | 2,270 | 2,295 | 2,327 | 2,374 | 2,414 |
| Change in uncollected customer payments from Federal sources .....                | BA     | -5             |          |       |       |       |       |       |
| Total Economic support fund (net) .....   | BA     | 2,896          | 2,315    | 2,289 | 2,340 | 2,392 | 2,445 | 2,500 |
|   | O      | 2,463          | 2,286    | 2,270 | 2,295 | 2,327 | 2,374 | 2,414 |
| Economic support fund transfer account:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 151 BA | 6              |          |       |       |       |       |       |
| Outlays .....   | O      |                | 2        | 2     | 2     | 1     |       |       |
| Central America and Caribbean emergency disaster recovery fund:                   |        |                |          |       |       |       |       |       |
| Outlays .....   | 151 O  | 162            | 228      | 100   | 41    | 12    |       |       |
| Foreign military financing program:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 152 BA | 4,787          | 3,568    | 3,674 | 3,756 | 3,840 | 3,925 | 4,013 |
| Spending authority from offsetting collections, discretionary .....               | BA     | 1              |          |       |       |       |       |       |
| Outlays .....   | O      | 3,897          | 4,212    | 4,270 | 4,249 | 4,083 | 3,906 | 3,983 |
| Foreign military financing program (gross) .....                                  | BA     | 4,788          | 3,568    | 3,674 | 3,756 | 3,840 | 3,925 | 4,013 |
|   | O      | 3,897          | 4,212    | 4,270 | 4,249 | 4,083 | 3,906 | 3,983 |
| Total, offsetting collections (cash) .....  |        | -1             |          |       |       |       |       |       |
| Total Foreign military financing program (net) .....                              | BA     | 4,787          | 3,568    | 3,674 | 3,756 | 3,840 | 3,925 | 4,013 |
|   | O      | 3,896          | 4,212    | 4,270 | 4,249 | 4,083 | 3,906 | 3,983 |
| International military education and training:                                    |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 152 BA | 50             | 58       | 65    | 66    | 68    | 69    | 71    |
| Outlays .....   | O      | 49             | 54       | 62    | 66    | 66    | 69    | 69    |
| Peacekeeping operations:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 152 BA | 213            | 127      | 150   | 153   | 157   | 160   | 164   |
| Spending authority from offsetting collections, discretionary .....               | BA     | 20             | 11       |       |       |       |       |       |
| Outlays .....   | O      | 182            | 165      | 170   | 178   | 176   | 161   | 163   |
| Peacekeeping operations (gross) .....   | BA     | 233            | 138      | 150   | 153   | 157   | 160   | 164   |
|   | O      | 182            | 165      | 170   | 178   | 176   | 161   | 163   |
| Change in uncollected customer payments from Federal sources .....                | BA     | -20            |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....  |        |                | -11      |       |       |       |       |       |
| Total Peacekeeping operations (net) .....   | BA     | 213            | 127      | 150   | 153   | 157   | 160   | 164   |
|   | O      | 182            | 154      | 170   | 178   | 176   | 161   | 163   |
| Nonproliferation, antiterrorism, demining, and related programs:                  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....  | 152 BA | 301            | 311      | 332   | 339   | 347   | 355   | 363   |
| Spending authority from offsetting collections, discretionary .....               | BA     | 16             |          |       |       |       |       |       |
| Outlays .....   | O      | 245            | 307      | 327   | 346   | 350   | 351   | 359   |
| Nonproliferation, antiterrorism, demining, and related programs (gross) .....     | BA     | 317            | 311      | 332   | 339   | 347   | 355   | 363   |
|   | O      | 245            | 307      | 327   | 346   | 350   | 351   | 359   |
| Change in uncollected customer payments from Federal sources .....                | BA     | -18            |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....  |        | 2              |          |       |       |       |       |       |
| Total Nonproliferation, antiterrorism, demining, and related programs (net) ..... | BA     | 301            | 311      | 332   | 339   | 347   | 355   | 363   |
|   | O      | 247            | 307      | 327   | 346   | 350   | 351   | 359   |
| Nonproliferation and disarmament fund:  |        |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, discretionary .....               | 152 BA | 1              |          |       |       |       |       |       |
| Outlays .....   | O      | 1              | 1        | 1     |       |       |       |       |
| Nonproliferation and disarmament fund (gross) .....                               | BA     | 1              |          |       |       |       |       |       |
|   | O      | 1              | 1        | 1     |       |       |       |       |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |       |       |       |       |       |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
|  |          |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Change in uncollected customer payments from Federal sources ..... | BA       | -1             |          |       |       |       |       |       |
| Total Nonproliferation and disarmament fund (net) .....            | BA<br>O  | 1              | 1        | 1     |       |       |       |       |
| <b>Credit Accounts:</b>  |          |                |          |       |       |       |       |       |
| Foreign military financing loan program account:                   |          |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                     | 152 BA   | 186            |          |       |       |       |       |       |
| Outlays .....  | O        | 218            | 64       | 44    | 4     |       |       |       |
| Foreign military loan liquidating account:                         |          |                |          |       |       |       |       |       |
| Appropriation, mandatory .....                                     | 152 BA   | 38             | 31       | 27    | 25    | 38    | 7     | 6     |
| Spending authority from offsetting collections, mandatory .....    | BA       | 6              | 10       | 20    | 35    | 36    | 38    | 36    |
| Outlays .....  | O        | 44             | 41       | 47    | 60    | 74    | 45    | 42    |
| Foreign military loan liquidating account (gross) .....            | BA<br>O  | 44             | 41       | 47    | 60    | 74    | 45    | 42    |
| Total, offsetting collections (cash) .....                         |          | -714           | -591     | -490  | -425  | -399  | -364  | -356  |
| Total Foreign military loan liquidating account (net) .....        | BA<br>O  | -670           | -550     | -443  | -365  | -325  | -319  | -314  |
| <b>Summary</b>   |          |                |          |       |       |       |       |       |
| Federal funds:   |          |                |          |       |       |       |       |       |
| (As shown in detail above) .....                                   | BA<br>O  | 7,769          | 5,829    | 6,067 | 6,289 | 6,479 | 6,635 | 6,797 |
| Deductions for offsetting receipts:                                |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public .....                         | 152 BA/O |                | -208     |       |       |       |       |       |
| Total International Security Assistance .....                      | BA<br>O  | 7,769          | 5,621    | 6,067 | 6,289 | 6,479 | 6,635 | 6,797 |
|  |          | 6,548          | 6,550    | 6,803 | 6,816 | 6,690 | 6,542 | 6,674 |

**Multilateral Assistance**

*Federal funds*

**General and Special Funds:**

|  |        |     |       |     |     |       |     |     |
|--|--------|-----|-------|-----|-----|-------|-----|-----|
| Contribution to the International Bank for Reconstruction and Development: |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 36  | 108   | 108 | 110 | 113   | 115 | 118 |
| Outlays .....  | O      | 58  | 82    | 96  | 102 | 96    | 101 | 109 |
| Contribution to the International Development Association:                 |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 771 | 773   | 803 | 821 | 839   | 858 | 877 |
| Outlays .....  | O      | 992 | 1,250 | 929 | 971 | 1,016 | 827 | 845 |
| Contribution to Multilateral Investment Guarantee Agency:                  |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 4   | 10    | 10  | 10  | 10    | 11  | 11  |
| Outlays .....  | O      | 1   | 5     | 10  | 10  | 10    | 10  | 11  |
| Contribution to the Inter-American Development Bank:                       |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 42  | 25    | 25  | 26  | 26    | 27  | 27  |
| Outlays .....  | O      | 45  | 47    | 30  | 30  | 30    | 25  | 26  |
| Contribution to the Asian Development Bank:                                |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 91  | 72    | 103 | 105 | 108   | 110 | 112 |
| Outlays .....  | O      | 132 | 186   | 172 | 156 | 146   | 138 | 102 |
| Contribution to the African Development Bank:                              |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 131 | 106   | 105 | 107 | 110   | 112 | 114 |
| Outlays .....  | O      | 58  | 78    | 107 | 108 | 107   | 109 | 111 |
| Contribution to the European Bank for Reconstruction and Development:      |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 36  | 36    | 36  | 37  | 38    | 38  | 39  |
| Outlays .....  | O      | 27  | 32    | 36  | 37  | 37    | 38  | 38  |
| North American Development Bank:   |        |     |       |     |     |       |     |     |
| Outlays .....  | 151 O  |     | 11    | 11  | 11  | 17    |     |     |
| Contribution to enterprise for the Americas multilateral investment fund:  |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA |     | 10    |     |     |       |     |     |
| Outlays .....  | O      | 29  | 29    | 40  | 47  | 45    | 39  | 36  |
| Contributions to the International Fund for Agricultural Development:      |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA |     | 5     | 20  | 20  | 21    | 21  | 21  |
| Outlays .....  | O      |     | 5     | 9   | 13  | 17    | 21  | 22  |
| International affairs technical assistance program:                        |        |     |       |     |     |       |     |     |
| Appropriation, discretionary .....   | 151 BA | 21  | 6     | 6   | 6   | 6     | 6   | 7   |
| Spending authority from offsetting collections, discretionary .....        | BA     | 2   |       |     |     |       |     |     |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |       |       |       |       |       |
|--|--------|----------------|----------|-------|-------|-------|-------|-------|
|  |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| Outlays .....  | O      | 6              | 8        | 6     | 5     | 6     | 6     | 7     |
| International affairs technical assistance program (gross) .....     | BA     | 23             | 6        | 6     | 6     | 6     | 6     | 7     |
|  | O      | 6              | 8        | 6     | 5     | 6     | 6     | 7     |
| Total, offsetting collections (cash) .....                           |        | -2             |          |       |       |       |       |       |
| Total International affairs technical assistance program (net) ..... | BA     | 21             | 6        | 6     | 6     | 6     | 6     | 7     |
|  | O      | 4              | 8        | 6     | 5     | 6     | 6     | 7     |
| Contribution for the EBRD small and medium enterprise support fund:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                   | 151 BA | 10             |          |       |       |       |       |       |
| Outlays .....  | O      | 9              | 1        |       |       |       |       |       |
| International organizations and programs:                            |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                   | 151 BA | 307            | 295      | 296   | 303   | 309   | 316   | 323   |
| Outlays .....  | O      | 294            | 299      | 301   | 307   | 311   | 316   | 323   |
| <b>Credit Accounts:</b>  |        |                |          |       |       |       |       |       |
| Debt restructuring:  |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                   | 151 BA | 123            | 447      | 224   | 229   | 234   | 239   | 245   |
| Appropriation, mandatory .....                                       | BA     | 36             |          |       |       |       |       |       |
| Outlays .....  | O      | 111            | 251      | 244   | 274   | 236   | 233   | 238   |
| Total Debt restructuring .....                                       | BA     | 159            | 447      | 224   | 229   | 234   | 239   | 245   |
|  | O      | 111            | 251      | 244   | 274   | 236   | 233   | 238   |
| Total Federal funds Multilateral Assistance .....                    | BA     | 1,608          | 1,893    | 1,736 | 1,774 | 1,814 | 1,853 | 1,894 |
|  | O      | 1,760          | 2,284    | 1,991 | 2,071 | 2,074 | 1,863 | 1,868 |

**International Development Assistance**

*Agency for International Development*

*Federal funds*

**General and Special Funds:**

Sustainable development assistance program:

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Appropriation, discretionary .....                                  | 151 BA | 1,190 | 1,269 | 1,272 | 1,300 | 1,329 | 1,359 | 1,389 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 4     |       |       |       |       |       |       |
| Outlays .....   | O      | 884   | 1,084 | 1,232 | 1,242 | 1,249 | 1,245 | 1,301 |
| Sustainable development assistance program (gross) .....            | BA     | 1,194 | 1,269 | 1,272 | 1,300 | 1,329 | 1,359 | 1,389 |
|   | O      | 884   | 1,084 | 1,232 | 1,242 | 1,249 | 1,245 | 1,301 |
| Total, offsetting collections (cash) .....                          |        | -4    |       |       |       |       |       |       |
| Total Sustainable development assistance program (net) .....        | BA     | 1,190 | 1,269 | 1,272 | 1,300 | 1,329 | 1,359 | 1,389 |
|   | O      | 880   | 1,084 | 1,232 | 1,242 | 1,249 | 1,245 | 1,301 |

Child survival and disease programs:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 151 BA | 615 | 851 | 901 | 921 | 942 | 963 | 984 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 10  |     |     |     |     |     |     |
| Outlays .....   | O      | 508 | 660 | 768 | 832 | 876 | 907 | 937 |
| Child survival and disease programs (gross) .....                   | BA     | 625 | 851 | 901 | 921 | 942 | 963 | 984 |
|   | O      | 508 | 660 | 768 | 832 | 876 | 907 | 937 |
| Change in uncollected customer payments from Federal sources .....  | BA     | -2  |     |     |     |     |     |     |
| Total, offsetting collections (cash) .....                          |        | -8  |     |     |     |     |     |     |
| Total Child survival and disease programs (net) .....               | BA     | 615 | 851 | 901 | 921 | 942 | 963 | 984 |
|   | O      | 500 | 660 | 768 | 832 | 876 | 907 | 937 |

Development fund for Africa:

|               |       |     |    |    |    |  |  |  |
|---------------|-------|-----|----|----|----|--|--|--|
| Outlays ..... | 151 O | 150 | 95 | 57 | 16 |  |  |  |
|---------------|-------|-----|----|----|----|--|--|--|

Assistance for Eastern Europe and the Baltic States:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 151 BA | 425 | 675 | 610 | 624 | 637 | 652 | 666 |
| Outlays .....                      | O      | 423 | 349 | 442 | 504 | 564 | 635 | 645 |

Assistance for the independent states of the former Soviet Union:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 151 BA | 531 | 808 | 808 | 826 | 845 | 863 | 882 |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate   |            |            |            |            |            |
|--|--------|----------------|------------|------------|------------|------------|------------|------------|
|  |        |                | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       |
| Outlays .....  | O      | 678            | 448        | 594        | 701        | 760        | 816        | 841        |
| Assistance for the independent states of the former Soviet Union (gross) .....     | BA     | <b>531</b>     | <b>808</b> | <b>808</b> | <b>826</b> | <b>845</b> | <b>863</b> | <b>882</b> |
|  | O      | 678            | 448        | 594        | 701        | 760        | 816        | 841        |
| Change in uncollected customer payments from Federal sources .....                 | BA     | <b>-3</b>      |            |            |            |            |            |            |
| Total Assistance for the independent states of the former Soviet Union (net) ..... | BA     | <b>528</b>     | <b>808</b> | <b>808</b> | <b>826</b> | <b>845</b> | <b>863</b> | <b>882</b> |
|  | O      | 678            | 448        | 594        | 701        | 760        | 816        | 841        |
| Sub-Saharan Africa disaster assistance:  |        |                |            |            |            |            |            |            |
| Outlays .....  | 151 O  |                | 3          | 4          | 2          |            |            |            |
| International disaster assistance:   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>227</b>     | <b>299</b> | <b>200</b> | <b>204</b> | <b>209</b> | <b>214</b> | <b>218</b> |
| Outlays .....  | O      | 367            | 225        | 236        | 211        | 208        | 206        | 215        |
| Operating expenses of the Agency for International Development:                    |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>523</b>     | <b>532</b> | <b>549</b> | <b>561</b> | <b>574</b> | <b>587</b> | <b>600</b> |
| Spending authority from offsetting collections, discretionary .....                | BA     | <b>8</b>       | <b>7</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>   | <b>4</b>   |
| Outlays .....  | O      | 545            | 554        | 545        | 557        | 571        | 583        | 598        |
| Operating expenses of the Agency for International Development (gross) .....       | BA     | <b>531</b>     | <b>539</b> | <b>553</b> | <b>565</b> | <b>578</b> | <b>591</b> | <b>604</b> |
|  | O      | 545            | 554        | 545        | 557        | 571        | 583        | 598        |
| Total, offsetting collections (cash) .....   |        | -8             | -7         | -4         | -4         | -4         | -4         | -4         |
| Total Operating expenses of the Agency for International Development (net) .....   | BA     | <b>523</b>     | <b>532</b> | <b>549</b> | <b>561</b> | <b>574</b> | <b>587</b> | <b>600</b> |
|  | O      | 537            | 547        | 541        | 553        | 567        | 579        | 594        |
| Transition Initiatives:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA |                | <b>50</b>  | <b>50</b>  | <b>51</b>  | <b>52</b>  | <b>53</b>  | <b>55</b>  |
| Outlays .....  | O      |                | 13         | 31         | 41         | 47         | 50         | 53         |
| Payment to the Foreign Service retirement and disability fund:                     |        |                |            |            |            |            |            |            |
| Appropriation, mandatory .....   | 153 BA | <b>44</b>      | <b>45</b>  | <b>45</b>  | <b>46</b>  | <b>47</b>  | <b>48</b>  | <b>49</b>  |
| Outlays .....  | O      | 44             | 45         | 45         | 46         | 47         | 48         | 49         |
| Operating expenses, Office of Inspector General:                                   |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>25</b>      | <b>27</b>  | <b>32</b>  | <b>33</b>  | <b>33</b>  | <b>34</b>  | <b>35</b>  |
| Outlays .....  | O      | 26             | 34         | 31         | 32         | 32         | 34         | 35         |
| <b>Public Enterprise Funds:</b>  |        |                |            |            |            |            |            |            |
| Property management fund:  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, mandatory .....                    | 151 BA | <b>1</b>       | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....  | O      | 2              | 2          | 2          | 2          | 2          | 2          | 2          |
| Property management fund (gross) .....   | BA     | <b>1</b>       | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      | 2              | 2          | 2          | 2          | 2          | 2          | 2          |
| Total, offsetting collections (cash) .....   |        | -1             | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Property management fund (net) .....   | BA     | <b>1</b>       | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      |                |            |            |            |            |            |            |
| <b>Intragovernmental Funds:</b>  |        |                |            |            |            |            |            |            |
| Working capital fund:  |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary .....                | 151 BA |                | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
| Outlays .....  | O      |                | 1          | 1          | 1          | 1          | 1          | 1          |
| Working capital fund (gross) .....   | BA     |                | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      |                | 1          | 1          | 1          | 1          | 1          | 1          |
| Total, offsetting collections (cash) .....   |        |                | -1         | -1         | -1         | -1         | -1         | -1         |
| Total Working capital fund (net) .....   | BA     |                | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   | <b>1</b>   |
|  | O      |                |            |            |            |            |            |            |
| <b>Credit Accounts:</b>  |        |                |            |            |            |            |            |            |
| Urban and environmental credit program account:                                    |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....   | 151 BA | <b>7</b>       |            |            |            |            |            |            |
| Appropriation, mandatory .....   | BA     |                | <b>10</b>  |            |            |            |            |            |
| Outlays .....  | O      | 9              | 12         | 1          |            |            |            |            |
| Total Urban and environmental credit program account .....                         | BA     | <b>7</b>       | <b>10</b>  |            |            |            |            |            |
|  | O      | 9              | 12         | 1          |            |            |            |            |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |       |       |       |       |       |
|--|----------|----------------|----------|-------|-------|-------|-------|-------|
|  |          |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <b>Housing and other credit guaranty programs liquidating account:</b>     |          |                |          |       |       |       |       |       |
| Appropriation, mandatory   | 151 BA   | 35             | 17       | 40    | 40    | 40    | 40    | 40    |
| Spending authority from offsetting collections, mandatory                  | BA       | 72             | 93       | 25    | 71    | 76    | 73    | 70    |
| Outlays  | O        | 58             | 36       | 44    | 36    | 32    | 31    | 28    |
| <hr/>  |          |                |          |       |       |       |       |       |
| Housing and other credit guaranty programs liquidating account (gross)     | BA       | 107            | 110      | 65    | 111   | 116   | 113   | 110   |
|  | O        | 58             | 36       | 44    | 36    | 32    | 31    | 28    |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total, offsetting collections (cash)                                       |          | -72            | -93      | -25   | -71   | -76   | -73   | -70   |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total Housing and other credit guaranty programs liquidating account (net) | BA       | 35             | 17       | 40    | 40    | 40    | 40    | 40    |
|  | O        | -14            | -57      | 19    | -35   | -44   | -42   | -42   |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Microenterprise and small enterprise development program account:</b>   |          |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 151 BA   | 2              | 2        |       |       |       |       |       |
| Appropriation, mandatory   | BA       |                | 1        | 1     | 1     | 1     | 1     | 1     |
| Outlays  | O        |                | 3        | 4     | 3     | 1     |       |       |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total Microenterprise and small enterprise development program account     | BA       | 2              | 3        | 1     | 1     | 1     | 1     | 1     |
|  | O        |                | 3        | 4     | 3     | 1     |       |       |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Development credit authority program account:</b>                       |          |                |          |       |       |       |       |       |
| Appropriation, discretionary   | 151 BA   | 1              | 11       | 33    | 34    | 34    | 36    | 36    |
| Outlays  | O        |                | 8        | 19    | 28    | 34    | 34    | 36    |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Economic assistance loans liquidating account:</b>                      |          |                |          |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory                  | 151 BA   | 102            | 158      | 137   | 4     | 3     | 3     | 3     |
| Outlays  | O        |                | 4        | 4     | 3     | 3     | 3     | 3     |
| <hr/>  |          |                |          |       |       |       |       |       |
| Economic assistance loans liquidating account (gross)                      | BA       | 102            | 158      | 137   | 4     | 3     | 3     | 3     |
|  | O        |                | 4        | 4     | 3     | 3     | 3     | 3     |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total, offsetting collections (cash)                                       |          | -894           | -959     | -901  | -740  | -707  | -659  | -619  |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total Economic assistance loans liquidating account (net)                  | BA       | -792           | -801     | -764  | -736  | -704  | -656  | -616  |
|  | O        | -894           | -955     | -897  | -737  | -704  | -656  | -616  |
| <hr/>  |          |                |          |       |       |       |       |       |
| <i>Trust funds</i>   |          |                |          |       |       |       |       |       |
| <b>Foreign Service national separation liability trust fund:</b>           |          |                |          |       |       |       |       |       |
| Appropriation, mandatory   | 602 BA   | 1              | 2        | 2     | 2     | 2     | 2     | 2     |
| Outlays  | O        | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Miscellaneous trust funds, AID:</b>                                     |          |                |          |       |       |       |       |       |
| Reappropriation, discretionary   | 151 BA   | 1              |          |       |       |       |       |       |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Summary</b>   |          |                |          |       |       |       |       |       |
| <b>Federal funds:</b>  |          |                |          |       |       |       |       |       |
| (As shown in detail above)   | BA       | 2,830          | 3,796    | 3,777 | 3,905 | 4,039 | 4,194 | 4,339 |
|  | O        | 2,707          | 2,515    | 3,128 | 3,440 | 3,638 | 3,857 | 4,049 |
| <hr/>  |          |                |          |       |       |       |       |       |
| Deductions for offsetting receipts:  |          |                |          |       |       |       |       |       |
| Proprietary receipts from the public                                       | 151 BA/O | -80            | -99      |       |       |       |       |       |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total Federal funds  | BA       | 2,750          | 3,697    | 3,777 | 3,905 | 4,039 | 4,194 | 4,339 |
|  | O        | 2,627          | 2,416    | 3,128 | 3,440 | 3,638 | 3,857 | 4,049 |
| <hr/>  |          |                |          |       |       |       |       |       |
| <b>Trust funds:</b>  |          |                |          |       |       |       |       |       |
| (As shown in detail above)   | BA       | 2              | 2        | 2     | 2     | 2     | 2     | 2     |
|  | O        | 1              | 1        | 1     | 1     | 1     | 1     | 1     |
| <hr/>  |          |                |          |       |       |       |       |       |
| Interfund transactions   | 602 BA/O | -1             | -2       | -2    | -2    | -2    | -2    | -2    |
| <hr/>  |          |                |          |       |       |       |       |       |
| Total Agency for International Development                                 | BA       | 2,751          | 3,697    | 3,777 | 3,905 | 4,039 | 4,194 | 4,339 |
|  | O        | 2,627          | 2,415    | 3,127 | 3,439 | 3,637 | 3,856 | 4,048 |
| <hr/>  |          |                |          |       |       |       |       |       |

*Overseas Private Investment Corporation*

*Federal funds*

**Public Enterprise Funds:**

Overseas Private Investment Corporation noncredit account:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary                                  | 151 BA | -45 | -47 | -23 | -24 | -24 | -25 | -25 |
| Spending authority from offsetting collections, discretionary | BA     | 270 | 126 | 95  | 95  | 95  | 95  | 95  |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate    |             |             |             |             |             |
|---|--------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   |        |                | 2001        | 2002        | 2003        | 2004        | 2005        | 2006        |
| Outlays .....   | O      | 257            | 73          | 52          | 63          | 81          | 76          | 76          |
| Overseas Private Investment Corporation noncredit account (gross) .....       | BA     | <b>225</b>     | <b>79</b>   | <b>72</b>   | <b>71</b>   | <b>71</b>   | <b>70</b>   | <b>70</b>   |
|   | O      | 257            | 73          | 52          | 63          | 81          | 76          | 76          |
| Change in uncollected customer payments from Federal sources .....            | BA     | <b>-4</b>      |             |             |             |             |             |             |
| Total, offsetting collections (cash) .....                                    |        | -316           | -326        | -346        | -355        | -380        | -390        | -401        |
| Total Overseas Private Investment Corporation noncredit account (net) .....   | BA     | <b>-95</b>     | <b>-247</b> | <b>-274</b> | <b>-284</b> | <b>-309</b> | <b>-320</b> | <b>-331</b> |
|   | O      | -59            | -253        | -294        | -292        | -299        | -314        | -325        |
| <b>Credit Accounts:</b>   |        |                |             |             |             |             |             |             |
| Overseas Private Investment Corporation program account:                      |        |                |             |             |             |             |             |             |
| Appropriation, discretionary .....  | 151 BA | <b>45</b>      | <b>47</b>   | <b>23</b>   | <b>24</b>   | <b>24</b>   | <b>25</b>   | <b>25</b>   |
| Outlays .....   | O      | 33             | 55          | 42          | 45          | 43          | 43          | 43          |
| Overseas Private Investment Corporation liquidating account:                  |        |                |             |             |             |             |             |             |
| Spending authority from offsetting collections, mandatory .....               | 151 BA | <b>3</b>       | <b>5</b>    | <b>5</b>    | <b>5</b>    | <b>4</b>    | <b>4</b>    | <b>3</b>    |
| Outlays .....   | O      | 18             | 8           | 5           | 5           | 4           | 4           | 3           |
| Overseas Private Investment Corporation liquidating account (gross) .....     | BA     | <b>3</b>       | <b>5</b>    | <b>5</b>    | <b>5</b>    | <b>4</b>    | <b>4</b>    | <b>3</b>    |
|   | O      | 18             | 8           | 5           | 5           | 4           | 4           | 3           |
| Change in uncollected customer payments from Federal sources .....            | BA     |                | <b>5</b>    |             |             |             |             |             |
| Total, offsetting collections (cash) .....                                    |        | -3             | -10         | -5          | -5          | -4          | -4          | -3          |
| Total Overseas Private Investment Corporation liquidating account (net) ..... | BA     |                |             |             |             |             |             |             |
|   | O      | 15             | -2          |             |             |             |             |             |
| Total Federal funds Overseas Private Investment Corporation .....             | BA     | <b>-50</b>     | <b>-200</b> | <b>-251</b> | <b>-260</b> | <b>-285</b> | <b>-295</b> | <b>-306</b> |
|   | O      | -11            | -200        | -252        | -247        | -256        | -271        | -282        |

*Trade and Development Agency*  
Federal funds

**General and Special Funds:**

Trade and Development Agency:

|                                    |        |           |           |           |           |           |           |           |
|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary ..... | 151 BA | <b>53</b> | <b>50</b> | <b>50</b> | <b>51</b> | <b>52</b> | <b>53</b> | <b>54</b> |
| Outlays .....                      | O      | 57        | 55        | 57        | 56        | 56        | 56        | 58        |

*Peace Corps*  
Federal funds

**General and Special Funds:**

Peace Corps:

|   |        |            |            |            |            |            |            |            |
|---|--------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary .....                                  | 151 BA | <b>244</b> | <b>264</b> | <b>275</b> | <b>281</b> | <b>287</b> | <b>294</b> | <b>300</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>4</b>   | <b>8</b>   | <b>8</b>   | <b>8</b>   | <b>8</b>   | <b>8</b>   | <b>8</b>   |
| Outlays .....   | O      | 250        | 281        | 287        | 285        | 294        | 300        | 307        |
| Peace Corps (gross) .....   | BA     | <b>248</b> | <b>272</b> | <b>283</b> | <b>289</b> | <b>295</b> | <b>302</b> | <b>308</b> |
|   | O      | 250        | 281        | 287        | 285        | 294        | 300        | 307        |
| Total, offsetting collections (cash) .....                          |        | -4         | -8         | -8         | -8         | -8         | -8         | -8         |
| Total Peace Corps (net) .....                                       | BA     | <b>244</b> | <b>264</b> | <b>275</b> | <b>281</b> | <b>287</b> | <b>294</b> | <b>300</b> |
|   | O      | 246        | 273        | 279        | 277        | 286        | 292        | 299        |

*Trust funds*

Peace Corps miscellaneous trust fund:

|                                |        |          |          |          |          |          |          |          |
|--------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| Appropriation, mandatory ..... | 151 BA | <b>1</b> |
| Outlays .....                  | O      |          | 2        | 2        | 1        | 1        | 1        | 1        |

*Inter-American Foundation*  
Federal funds

**General and Special Funds:**

Inter-American Foundation:

|   |        |          |           |           |           |           |           |           |
|---|--------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Appropriation, discretionary .....                                  | 151 BA | <b>5</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>13</b> | <b>13</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>3</b> | <b>2</b>  |           |           |           |           |           |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account                                     |    | 2000<br>actual | estimate  |           |           |           |           |           |
|---|----|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |    |                | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      |
| Outlays .....                               | O  | 25             | 20        | 31        | 11        | 12        | 12        | 13        |
| Inter-American Foundation (gross) .....     | BA | <b>8</b>       | <b>14</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>13</b> | <b>13</b> |
|   | O  | 25             | 20        | 31        | 11        | 12        | 12        | 13        |
| Total, offsetting collections (cash) .....  |    | -3             | -2        |           |           |           |           |           |
| Total Inter-American Foundation (net) ..... | BA | <b>5</b>       | <b>12</b> | <b>12</b> | <b>12</b> | <b>12</b> | <b>13</b> | <b>13</b> |
|   | O  | 22             | 18        | 31        | 11        | 12        | 12        | 13        |

*African Development Foundation*

*Federal funds*

**General and Special Funds:**

|   |          |              |              |              |              |              |              |              |
|---|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| African Development Foundation:                                     |          |              |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 151 BA   | <b>14</b>    | <b>16</b>    | <b>16</b>    | <b>16</b>    | <b>17</b>    | <b>17</b>    | <b>17</b>    |
| Spending authority from offsetting collections, discretionary ..... | BA       | <b>1</b>     |              |              | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>1</b>     |
| Outlays .....   | O        | 18           | 13           | 15           | 14           | 17           | 18           | 18           |
| African Development Foundation (gross) .....                        | BA       | <b>15</b>    | <b>16</b>    | <b>16</b>    | <b>17</b>    | <b>18</b>    | <b>18</b>    | <b>18</b>    |
|   | O        | 18           | 13           | 15           | 14           | 17           | 18           | 18           |
| Total, offsetting collections (cash) .....                          |          | -1           |              |              | -1           | -1           | -1           | -1           |
| Total African Development Foundation (net) .....                    | BA       | <b>14</b>    | <b>16</b>    | <b>16</b>    | <b>16</b>    | <b>17</b>    | <b>17</b>    | <b>17</b>    |
|   | O        | 17           | 13           | 15           | 13           | 16           | 17           | 17           |
| Total Federal funds International Development Assistance .....      | BA       | <b>3,016</b> | <b>3,839</b> | <b>3,879</b> | <b>4,005</b> | <b>4,122</b> | <b>4,276</b> | <b>4,417</b> |
|   | O        | 2,958        | 2,575        | 3,258        | 3,550        | 3,752        | 3,963        | 4,154        |
| Total Trust funds International Development Assistance .....        | BA       | <b>3</b>     |
|   | O        | 1            | 3            | 3            | 2            | 2            | 2            | 2            |
| Interfund transactions .....  | 602 BA/O | -1           | -2           | -2           | -2           | -2           | -2           | -2           |
| Total International Development Assistance .....                    | BA       | <b>3,018</b> | <b>3,840</b> | <b>3,880</b> | <b>4,006</b> | <b>4,123</b> | <b>4,277</b> | <b>4,418</b> |
|   | O        | 2,958        | 2,576        | 3,259        | 3,550        | 3,752        | 3,963        | 4,154        |

**International Monetary Programs**

*Federal funds*

**General and Special Funds:**

|   |       |              |          |  |  |  |  |  |
|---|-------|--------------|----------|--|--|--|--|--|
| United States quota, International Monetary Fund:                                       |       |              |          |  |  |  |  |  |
| Outlays .....   | 155 O | 1,103        |          |  |  |  |  |  |
| Contribution to enhanced structural adjustment facility of International Monetary Fund: |       |              |          |  |  |  |  |  |
| Outlays .....   | 155 O | 17           | 9        |  |  |  |  |  |
| Total Federal funds International Monetary Programs .....                               | O     | <b>1,120</b> | <b>9</b> |  |  |  |  |  |

**Military Sales Program**

*Federal funds*

**Public Enterprise Funds:**

|  |       |           |           |   |  |  |  |  |
|--|-------|-----------|-----------|---|--|--|--|--|
| Special defense acquisition fund:                  |       |           |           |   |  |  |  |  |
| Outlays .....                                      | 155 O | 2         | 7         | 5 |  |  |  |  |
| Special defense acquisition fund (gross) .....     | O     | 2         | 7         | 5 |  |  |  |  |
| Total, offsetting collections (cash) .....         |       | -7        | -7        |   |  |  |  |  |
| Total Special defense acquisition fund (net) ..... | BA    | <b>-7</b> | <b>-7</b> |   |  |  |  |  |
|  | O     | -5        |           | 5 |  |  |  |  |

*Trust funds*

|                                     |        |               |               |               |               |               |               |               |
|-------------------------------------|--------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Foreign military sales trust fund:  |        |               |               |               |               |               |               |               |
| Contract authority, mandatory ..... | 155 BA | <b>13,049</b> | <b>11,800</b> | <b>11,620</b> | <b>11,510</b> | <b>10,810</b> | <b>10,650</b> | <b>10,820</b> |
| Outlays .....                       | O      | 11,085        | 11,340        | 11,450        | 11,470        | 11,230        | 11,020        | 10,940        |

**INTERNATIONAL ASSISTANCE PROGRAMS—Continued**  
(In millions of dollars)

| Account                                    |          | 2000<br>actual | estimate |         |         |         |         |         |
|--|----------|----------------|----------|---------|---------|---------|---------|---------|
|  |          |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Summary</b>                             |          |                |          |         |         |         |         |         |
| Federal funds:                             |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....           | BA       | -7             | -7       |         |         |         |         |         |
|  | O        | -5             |          | 5       |         |         |         |         |
| Trust funds:                               |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....           | BA       | 13,049         | 11,800   | 11,620  | 11,510  | 10,810  | 10,650  | 10,820  |
|  | O        | 11,085         | 11,340   | 11,450  | 11,470  | 11,230  | 11,020  | 10,940  |
| Deductions for offsetting receipts:        |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public ..... | 155 BA/O | -11,362        | -11,340  | -11,450 | -11,470 | -11,230 | -11,020 | -10,940 |
| Total Trust funds .....                    | BA       | 1,687          | 460      | 170     | 40      | -420    | -370    | -120    |
|  | O        | -277           |          |         |         |         |         |         |
| Total Military Sales Program .....         | BA       | 1,680          | 453      | 170     | 40      | -420    | -370    | -120    |
|  | O        | -282           |          | 5       |         |         |         |         |

**Special Assistance for Central America**

*Federal funds*

**General and Special Funds:**

Demobilization and transition fund:

Outlays .....

152 O

1

**International Commodity Agreements**

**Summary**

|  |          |     |     |  |  |  |  |  |
|--|----------|-----|-----|--|--|--|--|--|
| Federal funds:                                 |          |     |     |  |  |  |  |  |
| Deductions for offsetting receipts:            |          |     |     |  |  |  |  |  |
| Proprietary receipts from the public .....     | 155 BA/O | -12 | -68 |  |  |  |  |  |
| Total International Commodity Agreements ..... | BA       | -12 | -68 |  |  |  |  |  |
|  | O        | -12 | -68 |  |  |  |  |  |

**Summary**

|   |          |         |         |         |         |         |         |         |
|---|----------|---------|---------|---------|---------|---------|---------|---------|
| Federal funds:                                |          |         |         |         |         |         |         |         |
| (As shown in detail above) .....              | BA       | 12,466  | 11,653  | 11,682  | 12,068  | 12,415  | 12,764  | 13,108  |
|   | O        | 12,462  | 11,725  | 12,057  | 12,437  | 12,516  | 12,368  | 12,696  |
| Deductions for offsetting receipts:           |          |         |         |         |         |         |         |         |
| Proprietary receipts from the public .....    | 151 BA/O | -80     | -99     |         |         |         |         |         |
|   | 152 BA/O |         | -208    |         |         |         |         |         |
|   | 155 BA/O | -12     | -68     |         |         |         |         |         |
| Total Federal funds .....                     | BA       | 12,374  | 11,278  | 11,682  | 12,068  | 12,415  | 12,764  | 13,108  |
|   | O        | 12,370  | 11,350  | 12,057  | 12,437  | 12,516  | 12,368  | 12,696  |
| Trust funds:                                  |          |         |         |         |         |         |         |         |
| (As shown in detail above) .....              | BA       | 13,052  | 11,803  | 11,623  | 11,513  | 10,813  | 10,653  | 10,823  |
|   | O        | 11,086  | 11,343  | 11,453  | 11,472  | 11,232  | 11,022  | 10,942  |
| Deductions for offsetting receipts:           |          |         |         |         |         |         |         |         |
| Proprietary receipts from the public .....    | 155 BA/O | -11,362 | -11,340 | -11,450 | -11,470 | -11,230 | -11,020 | -10,940 |
| Total Trust funds .....                       | BA       | 1,690   | 463     | 173     | 43      | -417    | -367    | -117    |
|   | O        | -276    | 3       | 3       | 2       | 2       | 2       | 2       |
| Interfund transactions .....                  | 602 BA/O | -1      | -2      | -2      | -2      | -2      | -2      | -2      |
| Total International Assistance Programs ..... | BA       | 14,063  | 11,739  | 11,853  | 12,109  | 11,996  | 12,395  | 12,989  |
|   | O        | 12,093  | 11,351  | 12,058  | 12,437  | 12,516  | 12,368  | 12,696  |

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |       |       |       |       |       |
|---|--------|----------------|----------|-------|-------|-------|-------|-------|
|   |        |                | 2001     | 2002  | 2003  | 2004  | 2005  | 2006  |
| <i>Federal funds</i>  |        |                |          |       |       |       |       |       |
| <b>General and Special Funds:</b>                                     |        |                |          |       |       |       |       |       |
| Human space flight:   |        |                |          |       |       |       |       |       |
| Appropriation, discretionary .....                                    | 252 BA | 5,488          | 5,451    | 7,296 | 6,881 | 6,545 | 6,439 | 6,494 |
| Spending authority from offsetting collections, discretionary .....   | BA     | 164            | 163      | 201   | 201   | 201   | 201   | 201   |
| Outlays .....   | O      | 5,666          | 5,584    | 7,030 | 7,148 | 6,845 | 6,689 | 6,682 |
| Human space flight (gross) .....                                      | BA     | 5,652          | 5,614    | 7,497 | 7,082 | 6,746 | 6,640 | 6,695 |
|   | O      | 5,666          | 5,584    | 7,030 | 7,148 | 6,845 | 6,689 | 6,682 |
| Change in uncollected customer payments from Federal sources .....    | BA     | 5              |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                            |        | -169           | -163     | -201  | -201  | -201  | -201  | -201  |
| Total Human space flight (net) .....                                  | BA     | 5,488          | 5,451    | 7,296 | 6,881 | 6,545 | 6,439 | 6,494 |
|   | O      | 5,497          | 5,421    | 6,829 | 6,947 | 6,644 | 6,488 | 6,481 |
| Science, Aeronautics and Technology                                   |        |                |          |       |       |       |       |       |
| (Space flight, research, and supporting activities):                  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 252 BA | 4,964          | 5,663    | 6,302 | 7,249 | 7,961 | 8,358 | 8,701 |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 397            | 544      | 633   | 633   | 633   | 633   | 633   |
| (Outlays) .....   | O      | 5,355          | 5,792    | 6,688 | 7,305 | 8,182 | 8,710 | 9,108 |
| Science, Aeronautics and Technology (gross) .....                     | BA     | 5,361          | 6,207    | 6,935 | 7,882 | 8,594 | 8,991 | 9,334 |
|   | O      | 5,355          | 5,792    | 6,688 | 7,305 | 8,182 | 8,710 | 9,108 |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 100            |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                            |        | -497           | -544     | -633  | -633  | -633  | -633  | -633  |
| Total (Space flight, research, and supporting activities) (net) ..... | BA     | 4,964          | 5,663    | 6,302 | 7,249 | 7,961 | 8,358 | 8,701 |
|   | O      | 4,858          | 5,248    | 6,055 | 6,672 | 7,549 | 8,077 | 8,475 |
| (Air transportation):   |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 402 BA | 618            | 514      | 890   | 831   | 852   | 836   | 852   |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 35             | 56       | 47    | 47    | 47    | 47    | 47    |
| (Outlays) .....   | O      | 662            | 554      | 841   | 995   | 882   | 891   | 891   |
| Science, Aeronautics and Technology (gross) .....                     | BA     | 5,617          | 6,233    | 7,239 | 8,127 | 8,860 | 9,241 | 9,600 |
|   | O      | 5,520          | 5,802    | 6,896 | 7,667 | 8,431 | 8,968 | 9,366 |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 8              |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                            |        | -43            | -56      | -47   | -47   | -47   | -47   | -47   |
| Total (Air transportation) (net) .....                                | BA     | 618            | 514      | 890   | 831   | 852   | 836   | 852   |
|   | O      | 619            | 498      | 794   | 948   | 835   | 844   | 844   |
| Total Science, Aeronautics and Technology .....                       | BA     | 5,582          | 6,177    | 7,192 | 8,080 | 8,813 | 9,194 | 9,553 |
|   | O      | 5,477          | 5,746    | 6,849 | 7,620 | 8,384 | 8,921 | 9,319 |
| Mission support   |        |                |          |       |       |       |       |       |
| (Space flight, research, and supporting activities):                  |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 252 BA | 2,069          | 2,191    |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 97             | 70       |       |       |       |       |       |
| (Outlays) .....   | O      | 2,138          | 2,239    | 443   | 64    | 24    | 2     |       |
| Mission support (gross) .....   | BA     | 2,166          | 2,261    |       |       |       |       |       |
|   | O      | 2,138          | 2,239    | 443   | 64    | 24    | 2     |       |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 20             |          |       |       |       |       |       |
| Total, offsetting collections (cash) .....                            |        | -117           | -70      |       |       |       |       |       |
| Total (Space flight, research, and supporting activities) (net) ..... | BA     | 2,069          | 2,191    |       |       |       |       |       |
|   | O      | 2,021          | 2,169    | 443   | 64    | 24    | 2     |       |
| (Air transportation):   |        |                |          |       |       |       |       |       |
| (Appropriation, discretionary) .....                                  | 402 BA | 442            | 412      |       |       |       |       |       |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 17             | 6        |       |       |       |       |       |
| (Outlays) .....   | O      | 415            | 409      | 95    | 17    | 5     |       |       |
| Mission support (gross) .....   | BA     | 2,528          | 2,609    |       |       |       |       |       |
|   | O      | 2,436          | 2,578    | 538   | 81    | 29    | 2     |       |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 3              |          |       |       |       |       |       |

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual     | estimate      |               |               |               |               |               |
|--|--------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  |        |                    | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          |
| Total, offsetting collections (cash) .....   |        | -20                | -6            |               |               |               |               |               |
| Total (Air transportation) (net) .....   | BA     | <b>442</b>         | <b>412</b>    |               |               |               |               |               |
|  | O      | 395                | 403           | 95            | 17            | 5             |               |               |
| Total Mission support .....  | BA     | <b>2,511</b>       | <b>2,603</b>  |               |               |               |               |               |
|  | O      | 2,416              | 2,572         | 538           | 81            | 29            | 2             |               |
| Research and development<br>(Space flight, research, and supporting activities):   |        |                    |               |               |               |               |               |               |
| (Outlays) .....  | 252 O  | 18                 |               |               |               |               |               |               |
| Total Research and development .....   | O      | 18                 |               |               |               |               |               |               |
| Space flight, control, and data communications:                                    |        |                    |               |               |               |               |               |               |
| Outlays .....  | 252 O  | 1                  | 1             |               |               |               |               |               |
| Construction of facilities<br>(Space flight, research, and supporting activities): |        |                    |               |               |               |               |               |               |
| (Outlays) .....  | 252 O  | 12                 | 12            | 7             |               |               |               |               |
| Total Construction of facilities .....   | O      | 12                 | 12            | 7             |               |               |               |               |
| Office of Inspector General:   |        |                    |               |               |               |               |               |               |
| Appropriation, discretionary .....   | 252 BA | 20                 | 23            | 24            | 25            | 25            | 26            | 26            |
| Outlays .....  | O      | 20                 | 21            | 24            | 24            | 25            | 25            | 26            |
|  |        | <i>Trust funds</i> |               |               |               |               |               |               |
| Science, space, and technology education trust fund:                               |        |                    |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 503 BA | 1                  | 1             | 1             | 1             | 1             | 1             | 1             |
| Outlays .....  | O      | 1                  | 1             | 1             | 1             | 1             | 1             | 1             |
| National Space Grant Program:  |        |                    |               |               |               |               |               |               |
| Appropriation, mandatory .....   | 252 BA |                    | 3             |               |               |               |               |               |
| Outlays .....  | O      |                    | 3             |               |               |               |               |               |
| <b>Summary</b>   |        |                    |               |               |               |               |               |               |
| Federal funds:   |        |                    |               |               |               |               |               |               |
| (As shown in detail above) .....   | BA     | <b>13,601</b>      | <b>14,254</b> | <b>14,512</b> | <b>14,986</b> | <b>15,383</b> | <b>15,659</b> | <b>16,073</b> |
|  | O      | 13,441             | 13,773        | 14,247        | 14,672        | 15,082        | 15,436        | 15,826        |
| Trust funds:   |        |                    |               |               |               |               |               |               |
| (As shown in detail above) .....   | BA     | 1                  | 4             | 1             | 1             | 1             | 1             | 1             |
|  | O      | 1                  | 4             | 1             | 1             | 1             | 1             | 1             |
| Total National Aeronautics and Space Administration .....                          | BA     | <b>13,602</b>      | <b>14,258</b> | <b>14,513</b> | <b>14,987</b> | <b>15,384</b> | <b>15,660</b> | <b>16,074</b> |
|  | O      | 13,442             | 13,777        | 14,248        | 14,673        | 15,083        | 15,437        | 15,827        |

**NATIONAL SCIENCE FOUNDATION**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              |              |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| <i>Federal funds</i>  |        |                |              |              |              |              |              |              |
| <b>General and Special Funds:</b>                                     |        |                |              |              |              |              |              |              |
| Research and related activities<br>(Defense-related activities):      |        |                |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                  | 054 BA | <b>63</b>      | <b>63</b>    | <b>63</b>    | <b>64</b>    | <b>66</b>    | <b>67</b>    | <b>69</b>    |
| (Outlays) .....   | O      | 55             | 109          | 79           | 71           | 71           | 65           | 67           |
| (General science and basic research):                                 |        |                |              |              |              |              |              |              |
| (Appropriation, discretionary) .....                                  | 251 BA | <b>2,910</b>   | <b>3,280</b> | <b>3,264</b> | <b>3,337</b> | <b>3,411</b> | <b>3,487</b> | <b>3,565</b> |
| (Spending authority from offsetting collections, discretionary) ..... | BA     | 70             | 100          | 100          |              |              |              |              |
| (Outlays) .....   | O      | 2,686          | 2,869        | 3,189        | 3,202        | 3,372        | 3,399        | 3,470        |
| Research and related activities (gross) .....                         | BA     | <b>3,043</b>   | <b>3,443</b> | <b>3,427</b> | <b>3,401</b> | <b>3,477</b> | <b>3,554</b> | <b>3,634</b> |
|   | O      | 2,741          | 2,978        | 3,268        | 3,273        | 3,443        | 3,464        | 3,537        |
| (Change in uncollected customer payments from Federal sources) .....  | BA     | 8              |              |              |              |              |              |              |

**NATIONAL SCIENCE FOUNDATION—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate     |              |              |              |              | 2006         |
|---|--------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |        |                | 2001         | 2002         | 2003         | 2004         | 2005         |              |
| Total, offsetting collections (cash)                          |        | -77            | -100         | -100         |              |              |              |              |
| Total (General science and basic research) (net)              | BA     | <b>2,911</b>   | <b>3,280</b> | <b>3,264</b> | <b>3,337</b> | <b>3,411</b> | <b>3,487</b> | <b>3,565</b> |
|   | O      | 2,609          | 2,769        | 3,089        | 3,202        | 3,372        | 3,399        | 3,470        |
| Total Research and related activities                         | BA     | <b>2,974</b>   | <b>3,343</b> | <b>3,327</b> | <b>3,401</b> | <b>3,477</b> | <b>3,554</b> | <b>3,634</b> |
|   | O      | 2,664          | 2,878        | 3,168        | 3,273        | 3,443        | 3,464        | 3,537        |
| Academic research infrastructure:                             |        |                |              |              |              |              |              |              |
| Outlays   | 251 O  | 20             | 7            | 4            | 2            |              |              |              |
| Major research equipment:                                     |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 251 BA | <b>93</b>      | <b>122</b>   | <b>96</b>    | <b>98</b>    | <b>100</b>   | <b>103</b>   | <b>105</b>   |
| Outlays   | O      | 33             | 115          | 119          | 95           | 93           | 101          | 102          |
| Salaries and expenses:  |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 251 BA | <b>149</b>     | <b>161</b>   | <b>170</b>   | <b>174</b>   | <b>178</b>   | <b>182</b>   | <b>186</b>   |
| Spending authority from offsetting collections, discretionary | BA     | <b>4</b>       | <b>5</b>     | <b>5</b>     |              |              |              |              |
| Outlays   | O      | 150            | 173          | 174          | 174          | 177          | 182          | 185          |
| Salaries and expenses (gross)                                 | BA     | <b>153</b>     | <b>166</b>   | <b>175</b>   | <b>174</b>   | <b>178</b>   | <b>182</b>   | <b>186</b>   |
|   | O      | 150            | 173          | 174          | 174          | 177          | 182          | 185          |
| Total, offsetting collections (cash)                          |        | -4             | -5           | -5           |              |              |              |              |
| Total Salaries and expenses (net)                             | BA     | <b>149</b>     | <b>161</b>   | <b>170</b>   | <b>174</b>   | <b>178</b>   | <b>182</b>   | <b>186</b>   |
|   | O      | 146            | 168          | 169          | 174          | 177          | 182          | 185          |
| Office of the Inspector General:                              |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 251 BA | <b>5</b>       | <b>6</b>     | <b>7</b>     | <b>7</b>     | <b>7</b>     | <b>7</b>     | <b>8</b>     |
| Outlays   | O      | 5              | 7            | 7            | 7            | 7            | 7            | 7            |
| Education and human resources:                                |        |                |              |              |              |              |              |              |
| Appropriation, discretionary                                  | 251 BA | <b>691</b>     | <b>785</b>   | <b>872</b>   | <b>891</b>   | <b>911</b>   | <b>932</b>   | <b>952</b>   |
| Appropriation, mandatory                                      | BA     | <b>49</b>      | <b>121</b>   | <b>144</b>   | <b>144</b>   |              |              |              |
| Spending authority from offsetting collections, discretionary | BA     | <b>12</b>      | <b>15</b>    | <b>15</b>    | <b>15</b>    | <b>15</b>    | <b>15</b>    | <b>15</b>    |
| Outlays   | O      | 595            | 775          | 876          | 970          | 1,001        | 972          | 956          |
| Education and human resources (gross)                         | BA     | <b>752</b>     | <b>921</b>   | <b>1,031</b> | <b>1,050</b> | <b>926</b>   | <b>947</b>   | <b>967</b>   |
|   | O      | 595            | 775          | 876          | 970          | 1,001        | 972          | 956          |
| Total, offsetting collections (cash)                          |        | -12            | -15          | -15          | -15          | -15          | -15          | -15          |
| Total Education and human resources (net)                     | BA     | <b>740</b>     | <b>906</b>   | <b>1,016</b> | <b>1,035</b> | <b>911</b>   | <b>932</b>   | <b>952</b>   |
|   | O      | 583            | 760          | 861          | 955          | 986          | 957          | 941          |
| <i>Trust funds</i>  |        |                |              |              |              |              |              |              |
| Donations:  |        |                |              |              |              |              |              |              |
| Appropriation, mandatory                                      | 251 BA | <b>39</b>      | <b>32</b>    | <b>31</b>    | <b>32</b>    | <b>32</b>    | <b>33</b>    | <b>34</b>    |
| Outlays   | O      | 36             | 32           | 31           | 32           | 32           | 33           | 34           |
| <b>Summary</b>  |        |                |              |              |              |              |              |              |
| Federal funds:  |        |                |              |              |              |              |              |              |
| (As shown in detail above)                                    | BA     | <b>3,961</b>   | <b>4,538</b> | <b>4,616</b> | <b>4,715</b> | <b>4,673</b> | <b>4,778</b> | <b>4,885</b> |
|   | O      | 3,451          | 3,935        | 4,328        | 4,506        | 4,706        | 4,711        | 4,772        |
| Trust funds:  |        |                |              |              |              |              |              |              |
| (As shown in detail above)                                    | BA     | <b>39</b>      | <b>32</b>    | <b>31</b>    | <b>32</b>    | <b>32</b>    | <b>33</b>    | <b>34</b>    |
|   | O      | 36             | 32           | 31           | 32           | 32           | 33           | 34           |
| Total National Science Foundation                             | BA     | <b>4,000</b>   | <b>4,570</b> | <b>4,647</b> | <b>4,747</b> | <b>4,705</b> | <b>4,811</b> | <b>4,919</b> |
|   | O      | 3,487          | 3,967        | 4,359        | 4,538        | 4,738        | 4,744        | 4,806        |

**OFFICE OF PERSONNEL MANAGEMENT**  
(In millions of dollars)

| Account                           |        | 2000<br>actual | estimate  |           |            |            |            | 2006       |
|-----------------------------------|--------|----------------|-----------|-----------|------------|------------|------------|------------|
|                                   |        |                | 2001      | 2002      | 2003       | 2004       | 2005       |            |
| <i>Federal funds</i>              |        |                |           |           |            |            |            |            |
| <b>General and Special Funds:</b> |        |                |           |           |            |            |            |            |
| Salaries and expenses:            |        |                |           |           |            |            |            |            |
| Appropriation, discretionary      | 805 BA | <b>90</b>      | <b>94</b> | <b>99</b> | <b>101</b> | <b>103</b> | <b>106</b> | <b>108</b> |

**OFFICE OF PERSONNEL MANAGEMENT—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |        |        |        |        |        |
|--|--------|----------------|----------|--------|--------|--------|--------|--------|
|  |        |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |
| Spending authority from offsetting collections, discretionary        | BA     | 121            | 161      | 186    | 186    | 192    | 198    | 204    |
| Outlays  | O      | 211            | 255      | 280    | 287    | 295    | 303    | 312    |
| Salaries and expenses (gross)  | BA     | 211            | 255      | 285    | 287    | 295    | 304    | 312    |
|  | O      | 211            | 255      | 280    | 287    | 295    | 303    | 312    |
| Change in uncollected customer payments from Federal sources         | BA     | -12            |          |        |        |        |        |        |
| Total, offsetting collections (cash)                                 |        | -109           | -161     | -186   | -186   | -192   | -198   | -204   |
| Total Salaries and expenses (net)                                    | BA     | 90             | 94       | 99     | 101    | 103    | 106    | 108    |
|  | O      | 102            | 94       | 94     | 101    | 103    | 105    | 108    |
| <b>Office of Inspector General:</b>                                  |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 805 BA | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| Spending authority from offsetting collections, discretionary        | BA     | 11             | 10       | 10     | 11     | 12     | 12     | 13     |
| Outlays  | O      | 12             | 11       | 11     | 12     | 13     | 13     | 14     |
| Office of Inspector General (gross)                                  | BA     | 12             | 11       | 11     | 12     | 13     | 13     | 14     |
|  | O      | 12             | 11       | 11     | 12     | 13     | 13     | 14     |
| Total, offsetting collections (cash)                                 |        | -11            | -10      | -10    | -11    | -12    | -12    | -13    |
| Total Office of Inspector General (net)                              | BA     | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
|  | O      | 1              | 1        | 1      | 1      | 1      | 1      | 1      |
| <b>Government payment for annuitants, employees health benefits:</b> |        |                |          |        |        |        |        |        |
| Appropriation, mandatory   | 551 BA | 5,049          | 5,572    | 6,102  | 6,646  | 7,247  | 7,908  | 8,624  |
| Outlays  | O      | 5,003          | 5,537    | 6,078  | 6,617  | 7,213  | 7,869  | 8,581  |
| <b>Government payment for annuitants, employee life insurance:</b>   |        |                |          |        |        |        |        |        |
| Appropriation, mandatory   | 602 BA | 27             | 32       | 33     | 33     | 34     | 35     | 36     |
| Outlays  | O      | 27             | 32       | 33     | 33     | 34     | 35     | 36     |
| <b>Payment to civil service retirement and disability fund:</b>      |        |                |          |        |        |        |        |        |
| Appropriation, mandatory   | 805 BA | 21,557         | 21,804   | 22,465 | 22,918 | 23,597 | 24,285 | 24,756 |
| Outlays  | O      | 21,557         | 21,804   | 22,465 | 22,918 | 23,597 | 24,285 | 24,756 |
| <b>Intragovernmental Funds:</b>                                      |        |                |          |        |        |        |        |        |
| <b>Revolving fund:</b>   |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary        | 805 BA | 256            | 302      | 300    | 241    | 244    | 250    | 256    |
| Outlays  | O      | 315            | 302      | 300    | 241    | 244    | 250    | 256    |
| Revolving fund (gross)   | BA     | 256            | 302      | 300    | 241    | 244    | 250    | 256    |
|  | O      | 315            | 302      | 300    | 241    | 244    | 250    | 256    |
| Change in uncollected customer payments from Federal sources         | BA     | 48             |          |        |        |        |        |        |
| Total, offsetting collections (cash)                                 |        | -304           | -302     | -300   | -241   | -244   | -250   | -256   |
| Total Revolving fund (net)   | BA     |                |          |        |        |        |        |        |
|  | O      | 11             |          |        |        |        |        |        |
| <i>Trust funds</i>   |        |                |          |        |        |        |        |        |
| <b>Civil service retirement and disability fund:</b>                 |        |                |          |        |        |        |        |        |
| Appropriation, discretionary   | 602 BA | 83             | 90       | 103    | 105    | 107    | 110    | 112    |
| Appropriation, mandatory   | BA     | 45,257         | 47,538   | 49,728 | 52,121 | 54,460 | 56,887 | 59,350 |
| Outlays  | O      | 45,194         | 47,417   | 49,640 | 52,028 | 54,372 | 56,792 | 59,256 |
| Total Civil service retirement and disability fund                   | BA     | 45,340         | 47,628   | 49,831 | 52,226 | 54,567 | 56,997 | 59,462 |
|  | O      | 45,194         | 47,417   | 49,640 | 52,028 | 54,372 | 56,792 | 59,256 |
| <b>Employees life insurance fund:</b>                                |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary        | 602 BA | 2              | 2        | 2      | 2      | 2      | 2      | 2      |
| Spending authority from offsetting collections, mandatory            | BA     | 3,270          | 3,348    | 3,456  | 3,538  | 3,681  | 3,791  | 3,904  |
| Outlays  | O      | 1,778          | 1,986    | 2,149  | 2,269  | 2,418  | 2,579  | 2,749  |
| Employees life insurance fund (gross)                                | BA     | 3,272          | 3,350    | 3,458  | 3,540  | 3,683  | 3,793  | 3,906  |
|  | O      | 1,778          | 1,986    | 2,149  | 2,269  | 2,418  | 2,579  | 2,749  |
| Change in uncollected customer payments from Federal sources         | BA     | -18            | -38      | -12    | -7     | -18    | -15    | -14    |
| Total, offsetting collections (cash)                                 |        | -3,254         | -3,312   | -3,446 | -3,533 | -3,665 | -3,778 | -3,892 |
| Total Employees life insurance fund (net)                            | BA     |                |          |        |        |        |        |        |
|  | O      | -1,476         | -1,326   | -1,297 | -1,264 | -1,247 | -1,199 | -1,143 |
| <b>Employees and retired employees health benefits funds:</b>        |        |                |          |        |        |        |        |        |
| Spending authority from offsetting collections, discretionary        | 551 BA | 22             | 23       | 24     | 24     | 24     | 24     | 24     |
| Spending authority from offsetting collections, mandatory            | BA     | 19,669         | 21,984   | 24,249 | 26,207 | 28,372 | 30,529 | 32,797 |

**OFFICE OF PERSONNEL MANAGEMENT—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate      |               |               |               |               | 2006          |
|---|----|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   |    |                | 2001          | 2002          | 2003          | 2004          | 2005          |               |
| Outlays .....   | O  | 19,574         | 21,158        | 23,001        | 24,959        | 27,302        | 29,676        | 31,951        |
| Employees and retired employees health benefits funds (gross) .....     | BA | <b>19,691</b>  | <b>22,007</b> | <b>24,273</b> | <b>26,231</b> | <b>28,396</b> | <b>30,553</b> | <b>32,821</b> |
|   | O  | 19,574         | 21,158        | 23,001        | 24,959        | 27,302        | 29,676        | 31,951        |
| Change in uncollected customer payments from Federal sources .....      | BA | <b>46</b>      | <b>-96</b>    | <b>-98</b>    | <b>-85</b>    | <b>-93</b>    | <b>-93</b>    | <b>-98</b>    |
| Total, offsetting collections (cash) .....                              |    | -19,737        | -21,911       | -24,174       | -26,145       | -28,302       | -30,458       | -32,722       |
| Total Employees and retired employees health benefits funds (net) ..... | BA | .....          | .....         | <b>1</b>      | <b>1</b>      | <b>1</b>      | <b>2</b>      | <b>1</b>      |
|   | O  | -163           | -753          | -1,173        | -1,186        | -1,000        | -782          | -771          |

**Summary**

|  |          |               |               |               |               |               |               |               |
|--|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Federal funds:<br>(As shown in detail above) ..... | BA       | <b>26,724</b> | <b>27,503</b> | <b>28,700</b> | <b>29,699</b> | <b>30,982</b> | <b>32,335</b> | <b>33,525</b> |
|  | O        | 26,701        | 27,468        | 28,671        | 29,670        | 30,948        | 32,295        | 33,482        |
| Trust funds:<br>(As shown in detail above) .....   | BA       | <b>45,340</b> | <b>47,628</b> | <b>49,832</b> | <b>52,227</b> | <b>54,568</b> | <b>56,999</b> | <b>59,463</b> |
|  | O        | 43,555        | 45,338        | 47,170        | 49,578        | 52,125        | 54,811        | 57,342        |
| Interfund transactions .....                       | 602 BA/O | -39           | -24           | -25           | -25           | -25           | -25           | -25           |
|  | 805 BA/O | -21,557       | -21,804       | -22,465       | -22,918       | -23,597       | -24,285       | -24,756       |
| Total Office of Personnel Management .....         | BA       | <b>50,468</b> | <b>53,303</b> | <b>56,042</b> | <b>58,983</b> | <b>61,928</b> | <b>65,024</b> | <b>68,207</b> |
|  | O        | 48,660        | 50,978        | 53,351        | 56,305        | 59,451        | 62,796        | 66,043        |

**SMALL BUSINESS ADMINISTRATION**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate   |            |            |            |            | 2006       |
|---|--------|----------------|------------|------------|------------|------------|------------|------------|
|   |        |                | 2001       | 2002       | 2003       | 2004       | 2005       |            |
| <i>Federal funds</i>  |        |                |            |            |            |            |            |            |
| <b>General and Special Funds:</b>                                   |        |                |            |            |            |            |            |            |
| Salaries and expenses:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA | <b>305</b>     | <b>410</b> | <b>321</b> | <b>328</b> | <b>335</b> | <b>343</b> | <b>351</b> |
| Spending authority from offsetting collections, discretionary ..... | BA     | <b>280</b>     | <b>270</b> | <b>213</b> | <b>290</b> | <b>290</b> | <b>290</b> | <b>290</b> |
| Outlays .....   | O      | 535            | 636        | 610        | 656        | 622        | 629        | 636        |
| Salaries and expenses (gross) .....                                 | BA     | <b>585</b>     | <b>680</b> | <b>534</b> | <b>618</b> | <b>625</b> | <b>633</b> | <b>641</b> |
|   | O      | 535            | 636        | 610        | 656        | 622        | 629        | 636        |
| Total, offsetting collections (cash) .....                          |        | -280           | -270       | -213       | -290       | -290       | -290       | -290       |
| Total Salaries and expenses (net) .....                             | BA     | <b>305</b>     | <b>410</b> | <b>321</b> | <b>328</b> | <b>335</b> | <b>343</b> | <b>351</b> |
|   | O      | 255            | 366        | 397        | 366        | 332        | 339        | 346        |
| Office of Inspector General:  |        |                |            |            |            |            |            |            |
| Appropriation, discretionary .....                                  | 376 BA | <b>11</b>      | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>13</b>  | <b>13</b>  | <b>13</b>  |
| Spending authority from offsetting collections, discretionary ..... | BA     | .....          | .....      | <b>1</b>   | .....      | .....      | .....      | .....      |
| Outlays .....   | O      | 10             | 11         | 13         | 12         | 12         | 13         | 13         |
| Office of Inspector General (gross) .....                           | BA     | <b>11</b>      | <b>12</b>  | <b>13</b>  | <b>12</b>  | <b>13</b>  | <b>13</b>  | <b>13</b>  |
|   | O      | 10             | 11         | 13         | 12         | 12         | 13         | 13         |
| Total, offsetting collections (cash) .....                          |        | .....          | .....      | -1         | .....      | .....      | .....      | .....      |
| Total Office of Inspector General (net) .....                       | BA     | <b>11</b>      | <b>12</b>  | <b>12</b>  | <b>12</b>  | <b>13</b>  | <b>13</b>  | <b>13</b>  |
|   | O      | 10             | 11         | 12         | 12         | 12         | 13         | 13         |
| <b>Public Enterprise Funds:</b>                                     |        |                |            |            |            |            |            |            |
| Surety bond guarantees revolving fund:                              |        |                |            |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary ..... | 376 BA | <b>6</b>       | <b>2</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
| Outlays .....   | O      | 13             | 5          | 4          | 4          | 4          | 4          | 4          |
| Surety bond guarantees revolving fund (gross) .....                 | BA     | <b>6</b>       | <b>2</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   | <b>3</b>   |
|   | O      | 13             | 5          | 4          | 4          | 4          | 4          | 4          |

**SMALL BUSINESS ADMINISTRATION—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |          |          |          |          | 2006     |
|---|----------|----------------|----------|----------|----------|----------|----------|----------|
|   |          |                | 2001     | 2002     | 2003     | 2004     | 2005     |          |
| Total, offsetting collections (cash) .....                          |          | -6             | -2       | -3       | -3       | -3       | -3       | -3       |
| Total Surety bond guarantees revolving fund (net) .....             | BA       |                |          |          |          |          |          |          |
|   | O        | 7              | 3        | 1        | 1        | 1        | 1        | 1        |
| <b>Credit Accounts:</b>   |          |                |          |          |          |          |          |          |
| Business loan program account:                                      |          |                |          |          |          |          |          |          |
| Appropriation, discretionary .....                                  | 376 BA   | 259            | 293      | 131      | 134      | 137      | 140      | 143      |
| Appropriation, mandatory .....                                      | BA       | 5              | 35       |          |          |          |          |          |
| Outlays .....   | O        | 283            | 310      | 192      | 132      | 136      | 139      | 142      |
| Limitation on loan guarantee commitments .....                      |          | (14,874)       | (16,187) | (17,575) | (17,967) | (18,368) | (18,777) | (19,196) |
| Total Business loan program account .....                           | BA       | 264            | 328      | 131      | 134      | 137      | 140      | 143      |
|   | O        | 283            | 310      | 192      | 132      | 136      | 139      | 142      |
| Business loan fund liquidating account:                             |          |                |          |          |          |          |          |          |
| Spending authority from offsetting collections, mandatory .....     | 376 BA   | 199            | 617      | 327      | 245      | 184      | 150      | 115      |
| Outlays .....   | O        | -48            | 475      | 262      | 196      | 147      | 120      | 92       |
| Business loan fund liquidating account (gross) .....                | BA       | 199            | 617      | 327      | 245      | 184      | 150      | 115      |
|   | O        | -48            | 475      | 262      | 196      | 147      | 120      | 92       |
| Total, offsetting collections (cash) .....                          |          | -199           | -617     | -327     | -245     | -184     | -150     | -115     |
| Total Business loan fund liquidating account (net) .....            | BA       |                |          |          |          |          |          |          |
|   | O        | -247           | -142     | -65      | -49      | -37      | -30      | -23      |
| Disaster loans program account:                                     |          |                |          |          |          |          |          |          |
| Appropriation, discretionary .....                                  | 453 BA   | 317            | 184      | 75       | 77       | 78       | 80       | 82       |
| Spending authority from offsetting collections, discretionary ..... | BA       |                | 3        | 3        |          |          |          |          |
| Outlays .....   | O        | 306            | 269      | 113      | 93       | 78       | 80       | 81       |
| Disaster loans program account (gross) .....                        | BA       | 317            | 187      | 78       | 77       | 78       | 80       | 82       |
|   | O        | 306            | 269      | 113      | 93       | 78       | 80       | 81       |
| Total, offsetting collections (cash) .....                          |          |                | -3       | -3       |          |          |          |          |
| Total Disaster loans program account (net) .....                    | BA       | 317            | 184      | 75       | 77       | 78       | 80       | 82       |
|   | O        | 306            | 266      | 110      | 93       | 78       | 80       | 81       |
| Disaster loan fund liquidating account:                             |          |                |          |          |          |          |          |          |
| Spending authority from offsetting collections, mandatory .....     | 453 BA   | 290            | 333      | 125      | 58       | 1        | 1        | 1        |
| Outlays .....   | O        | 52             | 273      | 163      | 71       | 11       | 1        | 1        |
| Disaster loan fund liquidating account (gross) .....                | BA       | 290            | 333      | 125      | 58       | 1        | 1        | 1        |
|   | O        | 52             | 273      | 163      | 71       | 11       | 1        | 1        |
| Total, offsetting collections (cash) .....                          |          | -290           | -333     | -125     | -58      | -1       | -1       | -1       |
| Total Disaster loan fund liquidating account (net) .....            | BA       |                |          |          |          |          |          |          |
|   | O        | -238           | -60      | 38       | 13       | 10       |          |          |
| Pollution control equipment fund liquidating account:               |          |                |          |          |          |          |          |          |
| Authority to borrow, mandatory .....                                | 376 BA   | 3              | 3        | 2        | 1        | 1        | 1        | 1        |
| Outlays .....   | O        | 3              | 3        | 2        | 1        | 1        | 1        | 1        |
| <b>Summary</b>  |          |                |          |          |          |          |          |          |
| Federal funds:  |          |                |          |          |          |          |          |          |
| (As shown in detail above) .....                                    | BA       | 900            | 937      | 541      | 552      | 564      | 577      | 590      |
|   | O        | 379            | 757      | 687      | 569      | 533      | 543      | 561      |
| Deductions for offsetting receipts:                                 |          |                |          |          |          |          |          |          |
| Proprietary receipts from the public .....                          | 376 BA/O | -284           | -749     |          |          |          |          |          |
|   | 453 BA/O | -516           | -979     |          |          |          |          |          |
| Total Small Business Administration .....                           | BA       | 100            | -791     | 541      | 552      | 564      | 577      | 590      |
|   | O        | -421           | -971     | 687      | 569      | 533      | 543      | 561      |

**SOCIAL SECURITY ADMINISTRATION**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |         |         |         |         |         |
|--|--------|----------------|----------|---------|---------|---------|---------|---------|
|  |        |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Social Security Administration</b>                                |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>   |        |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                    |        |                |          |         |         |         |         |         |
| Payments to social security trust funds:                             |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                       | 651 BA | 13,262         | 12,541   | 14,148  | 14,876  | 16,076  | 17,230  | 18,428  |
|  |        |                |          | J-140   | J-418   | J-645   | J-921   | J-1,169 |
| Outlays .....  | O      | 13,254         | 12,541   | 14,148  | 14,876  | 16,076  | 17,230  | 18,428  |
|  |        |                |          | J-140   | J-418   | J-645   | J-921   | J-1,169 |
| Total Payments to social security trust funds .....                  | BA     | 13,262         | 12,541   | 14,008  | 14,458  | 15,431  | 16,309  | 17,259  |
|  | O      | 13,254         | 12,541   | 14,008  | 14,458  | 15,431  | 16,309  | 17,259  |
| Special benefits for disabled coal miners:                           |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                       | 601 BA | 384            | 366      | 333     | 314     | 292     | 271     | 250     |
| Advance appropriation, mandatory .....                               | BA     | 141            | 124      | 114     | 108     | 99      | 91      | 84      |
| Outlays .....  | O      | 521            | 492      | 458     | 425     | 395     | 365     | 337     |
| Total Special benefits for disabled coal miners .....                | BA     | 525            | 490      | 447     | 422     | 391     | 362     | 334     |
|  | O      | 521            | 492      | 458     | 425     | 395     | 365     | 337     |
| Supplemental security income program:                                |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                   | 609 BA | 2,440          | 2,673    | 2,956   | 3,029   | 3,101   | 3,178   | 3,253   |
| Appropriation, mandatory .....                                       | BA     | 21,478         | 20,671   | 18,620  | 22,083  | 23,042  | 25,782  | 27,263  |
| Advance appropriation, mandatory .....                               | BA     | 9,550          | 9,890    | 10,470  | 10,790  | 11,260  | 12,590  | 10,040  |
| Spending authority from offsetting collections, mandatory .....      | BA     | 3,399          | 3,570    | 3,665   | 3,791   | 3,923   | 4,078   | 4,167   |
| Outlays .....  | O      | 36,888         | 34,102   | 38,096  | 39,674  | 41,306  | 45,611  | 44,709  |
| Supplemental security income program (gross) .....                   | BA     | 36,867         | 36,804   | 35,711  | 39,693  | 41,326  | 45,628  | 44,723  |
|  | O      | 36,888         | 34,102   | 38,096  | 39,674  | 41,306  | 45,611  | 44,709  |
| Total, offsetting collections (cash) .....                           |        | -3,399         | -3,570   | -3,665  | -3,791  | -3,923  | -4,078  | -4,167  |
| Total Supplemental security income program (net) .....               | BA     | 33,468         | 33,234   | 32,046  | 35,902  | 37,403  | 41,550  | 40,556  |
|  | O      | 33,489         | 30,532   | 34,431  | 35,883  | 37,383  | 41,533  | 40,542  |
| Special benefits for certain World War II veterans:                  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                   | 701 BA | 3              | 2        | 2       | 2       | 2       | 2       | 2       |
| Appropriation, mandatory .....                                       | BA     | 1              | 9        | 8       | 8       | 7       | 6       | 5       |
| Outlays .....  | O      | 2              | 11       | 10      | 10      | 9       | 8       | 7       |
| Total Special benefits for certain World War II veterans .....       | BA     | 4              | 11       | 10      | 10      | 9       | 8       | 7       |
|  | O      | 2              | 11       | 10      | 10      | 9       | 8       | 7       |
| Office of the Inspector General:                                     |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                   | 651 BA | 15             | 17       | 19      | 19      | 20      | 20      | 21      |
| Spending authority from offsetting collections, discretionary .....  | BA     | 51             | 52       | 56      | 56      | 58      | 58      | 60      |
| Outlays .....  | O      | 59             | 76       | 75      | 77      | 78      | 78      | 80      |
| Office of the Inspector General (gross) .....                        | BA     | 66             | 69       | 75      | 75      | 78      | 78      | 81      |
|  | O      | 59             | 76       | 75      | 77      | 78      | 78      | 80      |
| Change in uncollected customer payments from Federal sources .....   | BA     | -5             | 7        |         |         |         |         |         |
| Total, offsetting collections (cash) .....                           |        | -46            | -59      | -56     | -56     | -58     | -58     | -60     |
| Total Office of the Inspector General (net) .....                    | BA     | 15             | 17       | 19      | 19      | 20      | 20      | 21      |
|  | O      | 13             | 17       | 19      | 21      | 20      | 20      | 20      |
| <i>Trust funds</i>   |        |                |          |         |         |         |         |         |
| Federal old-age and survivors insurance trust fund:                  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                   | 651 BA | 1,782          | 1,898    | 1,895   | 1,937   | 1,981   | 2,024   | 2,070   |
| Appropriation, mandatory .....                                       | BA     | 353,626        | 373,211  | 389,513 | 406,692 | 425,063 | 444,729 | 466,089 |
| Spending authority from offsetting collections, mandatory .....      | BA     | 2,343          | 2,598    | 2,689   | 2,780   | 2,875   | 2,975   | 3,080   |
| Outlays .....  | O      | 355,770        | 376,373  | 392,749 | 409,961 | 428,330 | 448,046 | 469,392 |
| Federal old-age and survivors insurance trust fund (gross) .....     | BA     | 357,751        | 377,707  | 394,097 | 411,409 | 429,919 | 449,728 | 471,239 |
|  | O      | 355,770        | 376,373  | 392,749 | 409,961 | 428,330 | 448,046 | 469,392 |
| Total, offsetting collections (cash) .....                           |        | -2,343         | -2,598   | -2,689  | -2,780  | -2,875  | -2,975  | -3,080  |
| Total Federal old-age and survivors insurance trust fund (net) ..... | BA     | 355,408        | 375,109  | 391,408 | 408,629 | 427,044 | 446,753 | 468,159 |
|  | O      | 353,427        | 373,775  | 390,060 | 407,181 | 425,455 | 445,071 | 466,312 |

**SOCIAL SECURITY ADMINISTRATION—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |         |         |         |         |         |
|--|----------|----------------|----------|---------|---------|---------|---------|---------|
|  |          |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| Federal disability insurance trust fund:                 |          |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                       | 651 BA   | 1,413          | 1,532    | 1,606   | 1,641   | 1,679   | 1,715   | 1,754   |
| Appropriation, mandatory .....                           | BA       | 55,253         | 59,611   | 63,481  | 68,865  | 75,116  | 81,939  | 89,437  |
| Outlays .....  | O        | 56,046         | 60,751   | 64,710  | 70,022  | 76,256  | 83,070  | 90,553  |
| Total Federal disability insurance trust fund .....      | BA       | 56,666         | 61,143   | 65,087  | 70,506  | 76,795  | 83,654  | 91,191  |
|  | O        | 56,046         | 60,751   | 64,710  | 70,022  | 76,256  | 83,070  | 90,553  |
| Total Federal funds Social Security Administration ..... | BA       | 47,274         | 46,293   | 46,530  | 50,811  | 53,254  | 58,249  | 58,177  |
|  | O        | 47,279         | 43,593   | 48,926  | 50,797  | 53,238  | 58,235  | 58,165  |
| Total Trust funds Social Security Administration .....   | BA       | 412,074        | 436,252  | 456,495 | 479,135 | 503,839 | 530,407 | 559,350 |
|  | O        | 409,473        | 434,526  | 454,770 | 477,203 | 501,711 | 528,141 | 556,865 |
| <b>Summary</b>   |          |                |          |         |         |         |         |         |
| <b>On-Budget</b>   |          |                |          |         |         |         |         |         |
| Federal funds:   |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                         | BA       | 47,274         | 46,293   | 46,530  | 50,811  | 53,254  | 58,249  | 58,177  |
|  | O        | 47,279         | 43,593   | 48,926  | 50,797  | 53,238  | 58,235  | 58,165  |
| Deductions for offsetting receipts:                      |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public .....               | 609 BA/O | -1,637         | -1,652   | -1,836  | -1,916  | -2,017  | -2,232  | -2,182  |
| Total Federal funds .....                                | BA       | 45,637         | 44,641   | 44,694  | 48,895  | 51,237  | 56,017  | 55,995  |
|  | O        | 45,642         | 41,941   | 47,090  | 48,881  | 51,221  | 56,003  | 55,983  |
| Interfund transactions .....                             | 651 BA/O |                | -836     |         |         |         |         |         |
| Total Social Security Administration (on-budget) .....   | BA       | 45,637         | 43,805   | 44,694  | 48,895  | 51,237  | 56,017  | 55,995  |
|  | O        | 45,642         | 41,105   | 47,090  | 48,881  | 51,221  | 56,003  | 55,983  |
| <b>Off-Budget</b>  |          |                |          |         |         |         |         |         |
| Trust funds:   |          |                |          |         |         |         |         |         |
| (As shown in detail above) .....                         | BA       | 412,074        | 436,252  | 456,495 | 479,135 | 503,839 | 530,407 | 559,350 |
|  | O        | 409,473        | 434,526  | 454,770 | 477,203 | 501,711 | 528,141 | 556,865 |
| Deductions for offsetting receipts:                      |          |                |          |         |         |         |         |         |
| Proprietary receipts from the public .....               | 651 BA/O | -52            | -84      | -84     | -87     | -90     | -94     | -97     |
| Total Trust funds .....                                  | BA       | 412,022        | 436,168  | 456,411 | 479,048 | 503,749 | 530,313 | 559,253 |
|  | O        | 409,421        | 434,442  | 454,686 | 477,116 | 501,621 | 528,047 | 556,768 |
| Interfund transactions .....                             | 651 BA/O | -13,252        | -12,541  | -13,734 | -14,876 | -16,076 | -17,230 | -18,428 |
|  |          |                |          | 140     | 418     | 645     | 921     | 1,169   |
| Total Social Security Administration (off-budget) .....  | BA       | 398,770        | 423,627  | 442,817 | 464,590 | 488,318 | 514,004 | 541,994 |
|  | O        | 396,169        | 421,901  | 441,092 | 462,658 | 486,190 | 511,738 | 539,509 |
| Total Social Security Administration .....               | BA       | 444,407        | 467,432  | 487,511 | 513,485 | 539,555 | 570,021 | 597,989 |
|  | O        | 441,811        | 463,006  | 488,182 | 511,539 | 537,411 | 567,741 | 595,492 |

**OTHER INDEPENDENT AGENCIES**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Advisory Council on Historic Preservation</b> |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>                             |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                |        |                |          |      |      |      |      |      |
| Salaries and expenses:                           |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....               | 303 BA | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays .....                                    | O      | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| <b>Appalachian Regional Commission</b>           |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>                             |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                |        |                |          |      |      |      |      |      |
| Appalachian Regional Commission:                 |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....               | 452 BA | 66             | 77       | 66   | 67   | 69   | 71   | 72   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account                                     |          | 2000<br>actual | estimate |      |      |      |      |      |
|---|----------|----------------|----------|------|------|------|------|------|
|   |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....                               | O        | 132            | 115      | 107  | 72   | 72   | 83   | 82   |
| <i>Trust funds</i>                          |          |                |          |      |      |      |      |      |
| Miscellaneous trust funds:                  |          |                |          |      |      |      |      |      |
| Appropriation, mandatory .....              | 452 BA   | 6              | 6        | 6    | 6    | 6    | 6    | 6    |
| Outlays .....                               | O        | 6              | 6        | 6    | 5    | 5    | 5    | 5    |
| <b>Summary</b>                              |          |                |          |      |      |      |      |      |
| Federal funds:                              |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....            | BA       | 66             | 77       | 66   | 67   | 69   | 71   | 72   |
|   | O        | 132            | 115      | 107  | 72   | 72   | 83   | 82   |
| Trust funds:                                |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....            | BA       | 6              | 6        | 6    | 6    | 6    | 6    | 6    |
|   | O        | 6              | 6        | 6    | 5    | 5    | 5    | 5    |
| Deductions for offsetting receipts:         |          |                |          |      |      |      |      |      |
| Proprietary receipts from the public .....  | 452 BA/O | -3             | -3       | -3   | -3   | -3   | -3   | -3   |
| Total Trust funds .....                     | BA       | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
|   | O        | 3              | 3        | 3    | 2    | 2    | 2    | 2    |
| Interfund transactions .....                | 452 BA/O | -3             | -3       | -3   | -3   | -3   | -3   | -3   |
| Total Appalachian Regional Commission ..... | BA       | 66             | 77       | 66   | 67   | 69   | 71   | 72   |
|   | O        | 132            | 115      | 107  | 71   | 71   | 82   | 81   |

**Architectural and Transportation Barriers Compliance Board**

*Federal funds*

**General and Special Funds:**

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Salaries and expenses:             |        |   |   |   |   |   |   |   |
| Appropriation, discretionary ..... | 751 BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                      | O      | 4 | 5 | 6 | 6 | 6 | 6 | 6 |

**Barry Goldwater Scholarship and Excellence in Education Foundation**

*Trust funds*

|   |        |   |   |   |   |   |   |   |
|---|--------|---|---|---|---|---|---|---|
| Barry Goldwater Scholarship and Excellence in Education Foundation: |        |   |   |   |   |   |   |   |
| Appropriation, mandatory .....                                      | 502 BA | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outlays .....   | O      | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

**Broadcasting Board of Governors**

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| International broadcasting operations:                              |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 154 BA | 374 | 408 | 428 | 438 | 447 | 457 | 467 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   | O      | 346 | 423 | 430 | 442 | 447 | 456 | 467 |
| International broadcasting operations (gross) .....                 | BA     | 375 | 409 | 429 | 439 | 448 | 458 | 468 |
|   | O      | 346 | 423 | 430 | 442 | 447 | 456 | 467 |
| Total, offsetting collections (cash) .....                          |        | -1  | -1  | -1  | -1  | -1  | -1  | -1  |
| Total International broadcasting operations (net) .....             | BA     | 374 | 408 | 428 | 438 | 447 | 457 | 467 |
|   | O      | 345 | 422 | 429 | 441 | 446 | 455 | 466 |
| Broadcasting capital improvements:                                  |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 154 BA | 10  | 20  | 17  | 17  | 18  | 18  | 19  |
| Outlays .....   | O      | 25  | 16  | 26  | 29  | 20  | 17  | 19  |
| Broadcasting to Cuba:   |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                                  | 154 BA | 22  | 22  | 25  | 26  | 26  | 27  | 27  |
| Outlays .....   | O      | 21  | 28  | 25  | 26  | 26  | 27  | 27  |
| <i>Trust funds</i>  |        |     |     |     |     |     |     |     |
| Foreign Service national separation liability trust fund:           |        |     |     |     |     |     |     |     |
| Appropriation, mandatory .....                                      | 602 BA |     | 1   |     |     |     |     |     |
| Total Federal funds Broadcasting Board of Governors .....           | BA     | 406 | 450 | 470 | 481 | 491 | 502 | 513 |
|   | O      | 391 | 466 | 480 | 496 | 492 | 499 | 512 |
| Total Trust funds Broadcasting Board of Governors .....             | BA     |     | 1   |     |     |     |     |     |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Central Intelligence Agency</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Payment to Central Intelligence Agency retirement and disability system fund:            |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 054 BA | 209            | 216      | 212  | 222  | 232  | 238  | 246  |
| Outlays .....  | O      | 209            | 216      | 212  | 222  | 232  | 238  | 246  |
| <b>Chemical Safety and Hazard Investigation Board</b>                                    |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Chemical Safety and Hazard Investigation Board:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 304 BA | 8              | 8        | 8    | 8    | 8    | 9    | 9    |
| Outlays .....  | O      | 8              | 10       | 9    | 8    | 8    | 9    | 9    |
| <b>Christopher Columbus Fellowship Foundation</b>  |        |                |          |      |      |      |      |      |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Christopher Columbus Fellowship Foundation:  |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 502 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 2              | 1        | 1    | 1    |      |      |      |
| <b>Commission of Fine Arts</b>   |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 451 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Outlays .....  | O      | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| National Capital arts and cultural affairs:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 503 BA | 7              | 7        | 7    | 7    | 7    | 7    | 8    |
| Outlays .....  | O      | 7              | 7        | 7    | 7    | 7    | 7    | 8    |
| Total Federal funds Commission of Fine Arts .....  | BA     | 8              | 8        | 8    | 8    | 8    | 8    | 9    |
|  | O      | 8              | 8        | 8    | 8    | 8    | 8    | 9    |
| <b>Commission on Civil Rights</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 751 BA | 9              | 9        | 9    | 9    | 9    | 10   | 10   |
| Outlays .....  | O      | 8              | 8        | 9    | 9    | 9    | 9    | 10   |
| <b>Commission on Ocean Policy</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 306 BA |                | 1        |      |      |      |      |      |
| Outlays .....  | O      |                | 1        | 2    |      |      |      |      |
| <b>Committee for Purchase from People who are Blind or Severely Disabled, activities</b> |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 505 BA | 3              | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....  | O      | 4              | 4        | 4    | 4    | 4    | 5    | 5    |
| <b>Commodity Futures Trading Commission</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Commodity Futures Trading Commission:  |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 376 BA | 63             | 68       | 70   | 72   | 73   | 75   | 76   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account       |   | 2000<br>actual | estimate |      |      |      |      |      |
|---------------|---|----------------|----------|------|------|------|------|------|
|               |   |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays ..... | O | 62             | 67       | 70   | 72   | 73   | 74   | 76   |

**Consumer Product Safety Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|   |     |    |    |    |    |    |    |    |    |
|---|-----|----|----|----|----|----|----|----|----|
| Appropriation, discretionary .....                                  | 554 | BA | 49 | 52 | 54 | 55 | 56 | 58 | 59 |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 3  | 3  | 3  | 3  | 3  | 3  | 3  |
| Outlays .....   |     | O  | 51 | 56 | 57 | 58 | 60 | 61 | 62 |
| Salaries and expenses (gross) .....                                 |     | BA | 52 | 55 | 57 | 58 | 59 | 61 | 62 |
|   |     | O  | 51 | 56 | 57 | 58 | 60 | 61 | 62 |
| Total, offsetting collections (cash) .....                          |     |    | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
| Total Salaries and expenses (net) .....                             |     | BA | 49 | 52 | 54 | 55 | 56 | 58 | 59 |
|   |     | O  | 48 | 53 | 54 | 55 | 57 | 58 | 59 |

**Corporation for National and Community Service**

*Federal funds*

**General and Special Funds:**

National and community service programs, operating expenses:

|                                    |     |    |     |     |     |     |     |     |     |
|------------------------------------|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 506 | BA | 433 | 457 | 411 | 420 | 430 | 439 | 449 |
| Outlays .....                      |     | O  | 386 | 498 | 436 | 373 | 416 | 429 | 437 |

Domestic volunteer service programs, operating expenses:

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 506 | BA | 295 | 304 | 317 | 324 | 386 | 418 | 449 |
| Spending authority from offsetting collections, discretionary ..... |     | BA | 6   | 7   | 7   | 7   | 7   | 7   | 7   |
| Outlays .....   |     | O  | 299 | 307 | 319 | 300 | 363 | 410 | 442 |

|   |  |    |     |     |     |     |     |     |     |
|---|--|----|-----|-----|-----|-----|-----|-----|-----|
| Domestic volunteer service programs, operating expenses (gross) ..... |  | BA | 301 | 311 | 324 | 331 | 393 | 425 | 456 |
|   |  | O  | 299 | 307 | 319 | 300 | 363 | 410 | 442 |

|  |  |  |    |    |    |    |    |    |    |
|--|--|--|----|----|----|----|----|----|----|
| Total, offsetting collections (cash) ..... |  |  | -6 | -7 | -7 | -7 | -7 | -7 | -7 |
|--|--|--|----|----|----|----|----|----|----|

|   |  |    |     |     |     |     |     |     |     |
|---|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Domestic volunteer service programs, operating expenses (net) ..... |  | BA | 295 | 304 | 317 | 324 | 386 | 418 | 449 |
|   |  | O  | 293 | 300 | 312 | 293 | 356 | 403 | 435 |

Inspector general:

|                                    |     |    |   |   |   |   |   |   |   |
|------------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 506 | BA | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outlays .....                      |     | O  | 3 | 5 | 6 | 5 | 5 | 5 | 5 |

*Trust funds*

Gifts and contributions:

|                                    |     |    |     |    |    |     |    |    |    |
|------------------------------------|-----|----|-----|----|----|-----|----|----|----|
| Appropriation, discretionary ..... | 506 | BA | -11 | 40 | 10 | 10  | 10 | 11 | 11 |
| Appropriation, mandatory .....     |     | BA | 24  | 25 | 20 | 13  | 9  | 6  | 4  |
| Outlays .....                      |     | O  | 72  | 84 | 78 | 109 | 99 | 31 | 19 |

|                                     |  |    |    |    |    |     |    |    |    |
|-------------------------------------|--|----|----|----|----|-----|----|----|----|
| Total Gifts and contributions ..... |  | BA | 13 | 65 | 30 | 23  | 19 | 17 | 15 |
|                                     |  | O  | 72 | 84 | 78 | 109 | 99 | 31 | 19 |

**Summary**

Federal funds:

|                                  |  |    |     |     |     |     |     |     |     |
|----------------------------------|--|----|-----|-----|-----|-----|-----|-----|-----|
| (As shown in detail above) ..... |  | BA | 733 | 766 | 733 | 749 | 821 | 862 | 903 |
|                                  |  | O  | 682 | 803 | 754 | 671 | 777 | 837 | 877 |

Trust funds:

|                                  |  |    |    |    |    |     |    |    |    |
|----------------------------------|--|----|----|----|----|-----|----|----|----|
| (As shown in detail above) ..... |  | BA | 13 | 65 | 30 | 23  | 19 | 17 | 15 |
|                                  |  | O  | 72 | 84 | 78 | 109 | 99 | 31 | 19 |

|                              |     |      |     |     |     |     |     |     |     |
|------------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|
| Interfund transactions ..... | 506 | BA/O | -70 | -70 | -10 | -70 | -70 | -70 | -70 |
|------------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|

|  |  |    |     |     |     |     |     |     |     |
|--|--|----|-----|-----|-----|-----|-----|-----|-----|
| Total Corporation for National and Community Service ..... |  | BA | 676 | 761 | 753 | 702 | 770 | 809 | 848 |
|  |  | O  | 684 | 817 | 822 | 710 | 806 | 798 | 826 |

**Corporation for Public Broadcasting**

*Federal funds*

**General and Special Funds:**

Corporation for Public Broadcasting:

|                                    |     |    |  |    |    |    |     |     |     |
|------------------------------------|-----|----|--|----|----|----|-----|-----|-----|
| Appropriation, discretionary ..... | 503 | BA |  | 20 | 20 | 20 | 396 | 404 | 414 |
|------------------------------------|-----|----|--|----|----|----|-----|-----|-----|

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Advance appropriation, discretionary .....      | BA | 316            | 340      | 350  | 365  | 394  | 403  | 413  |
| Outlays .....                                   | O  | 316            | 342      | 357  | 378  | 394  | 403  | 413  |
| Total Corporation for Public Broadcasting ..... | BA | 316            | 360      | 370  | 385  | 396  | 404  | 414  |
|   | O  | 316            | 342      | 357  | 378  | 394  | 403  | 413  |

**Court of Appeals for Veterans Claims**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 705 BA | 11 | 12 | 13 | 13 | 14 | 14 | 14 |
| Outlays .....                      | O      | 11 | 12 | 13 | 13 | 13 | 14 | 14 |

**Court Services and Offender Supervision Agency for the District of Columbia**

*Federal funds*

**General and Special Funds:**

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Federal payment to Court Services and Offender Supervision Agency for the District of Columbia: |        |    |     |     |     |     |     |     |
| Appropriation, discretionary .....  | 752 BA | 93 | 112 | 147 | 150 | 154 | 157 | 161 |
| Outlays .....   | O      | 66 | 118 | 140 | 149 | 153 | 157 | 159 |

**Defense Nuclear Facilities Safety Board**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 053 BA | 17 | 18 | 19 | 19 | 20 | 20 | 21 |
| Outlays .....                      | O      | 17 | 18 | 18 | 20 | 20 | 20 | 20 |

**Delta Regional Authority**

*Federal funds*

**General and Special Funds:**

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Delta regional authority:          |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 452 BA | 20 | 20 | 20 | 21 | 21 | 22 | 22 |
| Outlays .....                      | O      | 2  | 6  | 12 | 15 | 18 | 21 | 21 |

**Denali Commission**

*Federal funds*

**General and Special Funds:**

|   |        |    |     |    |    |    |    |    |
|---|--------|----|-----|----|----|----|----|----|
| Denali Commission:  |        |    |     |    |    |    |    |    |
| Appropriation, discretionary .....                                  | 452 BA | 20 | 30  | 30 | 31 | 31 | 32 | 33 |
| Spending authority from offsetting collections, discretionary ..... | BA     | 25 | 25  | 25 | 25 | 25 | 25 | 25 |
| Outlays .....   | O      | 38 | 37  | 38 | 31 | 31 | 31 | 33 |
| Denali Commission (gross) .....                                     | BA     | 20 | 55  | 30 | 31 | 31 | 32 | 33 |
|   | O      | 38 | 37  | 38 | 31 | 31 | 31 | 33 |
| Total, offsetting collections (cash) .....                          |        |    | -25 |    |    |    |    |    |
| Total Denali Commission (net) .....                                 | BA     | 20 | 30  | 30 | 31 | 31 | 32 | 33 |
|   | O      | 38 | 12  | 38 | 31 | 31 | 31 | 33 |

*Trust funds*

|                                    |        |   |    |    |    |    |    |    |
|------------------------------------|--------|---|----|----|----|----|----|----|
| Denali Commission trust fund:      |        |   |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 452 BA | 5 | 11 | 11 | 11 | 11 | 12 | 12 |
| Outlays .....                      | O      | 5 | 11 | 11 | 11 | 11 | 12 | 12 |

**District of Columbia**

*District of Columbia Courts*

*Federal funds*

**General and Special Funds:**

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Federal payment to the District of Columbia courts: |        |     |     |     |     |     |     |     |
| Appropriation, discretionary .....                  | 806 BA | 100 | 105 | 111 | 113 | 116 | 119 | 121 |
| Outlays .....                                       | O      | 86  | 107 | 114 | 113 | 115 | 119 | 121 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |      |      |      |      |      |
|--|----------|----------------|----------|------|------|------|------|------|
|  |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Defender services in District of Columbia courts:</b>   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 806 BA   | 34             | 34       | 34   | 35   | 36   | 36   | 37   |
| Outlays  | O        | 26             | 39       | 34   | 34   | 35   | 37   | 37   |
| <b>Crime victims compensation fund:</b>  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary   | 806 BA   |                | 18       |      |      |      |      |      |
| Outlays  | O        |                | 18       |      |      |      |      |      |
| <b>Federal payment to the District of Columbia judicial retirement and survivors annuity fund:</b> |          |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 752 BA   | 5              | 5        | 5    | 5    | 5    | 6    | 6    |
| Outlays  | O        | 5              | 5        | 5    | 5    | 5    | 6    | 6    |
| <i>Trust funds</i>   |          |                |          |      |      |      |      |      |
| <b>District of Columbia judicial retirement and survivors annuity fund:</b>                        |          |                |          |      |      |      |      |      |
| Appropriation, mandatory   | 602 BA   | 10             | 10       | 11   | 11   | 11   | 12   | 12   |
| Outlays  | O        | 6              | 7        | 7    | 7    | 7    | 7    | 7    |
| <b>Summary</b>   |          |                |          |      |      |      |      |      |
| <b>Federal funds:</b>  |          |                |          |      |      |      |      |      |
| (As shown in detail above)   | BA       | 139            | 162      | 150  | 153  | 157  | 161  | 164  |
|  | O        | 117            | 169      | 153  | 152  | 155  | 162  | 164  |
| <b>Trust funds:</b>  |          |                |          |      |      |      |      |      |
| (As shown in detail above)   | BA       | 10             | 10       | 11   | 11   | 11   | 12   | 12   |
|  | O        | 6              | 7        | 7    | 7    | 7    | 7    | 7    |
| Interfund transactions   | 752 BA/O | -5             | -5       | -5   | -5   | -5   | -6   | -6   |
| Total District of Columbia Courts  | BA       | 144            | 167      | 156  | 159  | 163  | 167  | 170  |
|  | O        | 118            | 171      | 155  | 154  | 157  | 163  | 165  |

*District of Columbia Corrections*  
*Federal funds*

**General and Special Funds:**

Payment to the District of Columbia corrections trustee, operations:

|                              |        |     |     |    |    |    |    |    |
|------------------------------|--------|-----|-----|----|----|----|----|----|
| Appropriation, discretionary | 806 BA | 175 | 134 | 33 | 34 | 34 | 35 | 36 |
| Outlays                      | O      | 158 | 144 | 43 | 33 | 34 | 35 | 36 |

*District of Columbia General and Special Payments*  
*Federal funds*

**General and Special Funds:**

Federal payment for resident tuition support:

|                              |        |    |    |    |    |    |    |    |
|------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary | 502 BA | 17 | 17 | 17 | 17 | 18 | 18 | 19 |
| Outlays                      | O      | 17 | 17 | 17 | 17 | 18 | 18 | 19 |

Federal support for economic development and management reforms in the District:

|                                |        |    |    |  |  |  |  |  |
|--------------------------------|--------|----|----|--|--|--|--|--|
| Appropriation, discretionary   | 806 BA | 33 | 43 |  |  |  |  |  |
| Reappropriation, discretionary | BA     | 1  |    |  |  |  |  |  |
| Outlays                        | O      | 83 | 43 |  |  |  |  |  |

Total Federal support for economic development and management reforms in the District

|  |    |    |    |  |  |  |  |  |
|--|----|----|----|--|--|--|--|--|
|  | BA | 34 | 43 |  |  |  |  |  |
|  | O  | 83 | 43 |  |  |  |  |  |

Federal supplemental District of Columbia pension fund:

|                                      |     |     |     |     |     |      |      |      |
|--------------------------------------|-----|-----|-----|-----|-----|------|------|------|
| Total, offsetting collections (cash) | 601 | -37 | -52 | -68 | -84 | -102 | -120 | -140 |
|--------------------------------------|-----|-----|-----|-----|-----|------|------|------|

**Intragovernmental Funds:**

Federal payment for water and sewer services:

|   |        |    |    |    |    |    |    |    |
|---|--------|----|----|----|----|----|----|----|
| Spending authority from offsetting collections, mandatory | 806 BA | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Outlays   | O      | 18 | 10 | 10 | 10 | 10 | 10 | 10 |

Federal payment for water and sewer services (gross)

|  |    |    |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----|----|
|  | BA | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
|  | O  | 18 | 10 | 10 | 10 | 10 | 10 | 10 |

Total, offsetting collections (cash)

|  |  |     |     |     |     |     |     |     |
|--|--|-----|-----|-----|-----|-----|-----|-----|
|  |  | -10 | -10 | -10 | -10 | -10 | -10 | -10 |
|--|--|-----|-----|-----|-----|-----|-----|-----|

Total Federal payment for water and sewer services (net)

|  |    |   |  |  |  |  |  |  |
|--|----|---|--|--|--|--|--|--|
|  | BA |   |  |  |  |  |  |  |
|  | O  | 8 |  |  |  |  |  |  |

*Trust funds*

District of Columbia Federal pension liability trust fund:

|                          |        |     |     |     |     |     |     |     |
|--------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, mandatory | 601 BA | 181 | 437 | 451 | 461 | 470 | 479 | 487 |
|--------------------------|--------|-----|-----|-----|-----|-----|-----|-----|

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |      |      |      |      |      |
|---|----------|----------------|----------|------|------|------|------|------|
|   |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....   | O        | 414            | 437      | 451  | 461  | 470  | 479  | 487  |
| <b>Summary</b>  |          |                |          |      |      |      |      |      |
| Federal funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....                              | BA       | 14             | 8        | -51  | -67  | -84  | -102 | -121 |
|   | O        | 71             | 8        | -51  | -67  | -84  | -102 | -121 |
| Trust funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....                              | BA       | 181            | 437      | 451  | 461  | 470  | 479  | 487  |
|   | O        | 414            | 437      | 451  | 461  | 470  | 479  | 487  |
| Deductions for offsetting receipts:                           |          |                |          |      |      |      |      |      |
| Proprietary receipts from the public .....                    | 601 BA/O | -180           | -172     | -156 | -138 | -118 | -97  | -74  |
| Total Trust funds .....                                       | BA       | 1              | 265      | 295  | 323  | 352  | 382  | 413  |
|   | O        | 234            | 265      | 295  | 323  | 352  | 382  | 413  |
| Total District of Columbia General and Special Payments ..... | BA       | 15             | 273      | 244  | 256  | 268  | 280  | 292  |
|   | O        | 305            | 273      | 244  | 256  | 268  | 280  | 292  |
| Total Federal funds District of Columbia .....                | BA       | 328            | 304      | 132  | 120  | 107  | 94   | 79   |
|   | O        | 346            | 321      | 145  | 118  | 105  | 95   | 79   |
| Total Trust funds District of Columbia .....                  | BA       | 11             | 275      | 306  | 334  | 363  | 394  | 425  |
|   | O        | 240            | 272      | 302  | 330  | 359  | 389  | 420  |
| Interfund transactions .....                                  | 752 BA/O | -5             | -5       | -5   | -5   | -5   | -6   | -6   |
| Total District of Columbia .....                              | BA       | 334            | 574      | 433  | 449  | 465  | 482  | 498  |
|   | O        | 581            | 588      | 442  | 443  | 459  | 478  | 493  |

**Equal Employment Opportunity Commission**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |     |     |     |     |     |     |     |
|------------------------------------|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 751 BA | 281 | 303 | 310 | 317 | 324 | 331 | 339 |
| Outlays .....                      | O      | 290 | 306 | 315 | 316 | 323 | 330 | 338 |

**Intragovernmental Funds:**

Education, technical assistance and training revolving fund:

|   |        |   |   |   |   |   |   |   |
|---|--------|---|---|---|---|---|---|---|
| Spending authority from offsetting collections, mandatory ..... | 751 BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays .....   | O      | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

|   |    |   |   |   |   |   |   |   |
|---|----|---|---|---|---|---|---|---|
| Education, technical assistance and training revolving fund (gross) ..... | BA | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
|   | O  | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

|  |  |    |    |    |    |    |    |    |
|--|--|----|----|----|----|----|----|----|
| Total, offsetting collections (cash) ..... |  | -3 | -3 | -3 | -3 | -3 | -3 | -3 |
|--|--|----|----|----|----|----|----|----|

|   |    |  |  |  |  |  |  |  |
|---|----|--|--|--|--|--|--|--|
| Total Education, technical assistance and training revolving fund (net) ..... | BA |  |  |  |  |  |  |  |
|   | O  |  |  |  |  |  |  |  |

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds Equal Employment Opportunity Commission ..... | BA | 281 | 303 | 310 | 317 | 324 | 331 | 339 |
|   | O  | 290 | 306 | 315 | 316 | 323 | 330 | 338 |

**Export-Import Bank of the United States**

*Federal funds*

**Credit Accounts:**

Export-Import Bank loans program account:

|                                    |        |       |       |     |     |     |     |     |
|------------------------------------|--------|-------|-------|-----|-----|-----|-----|-----|
| Appropriation, discretionary ..... | 155 BA | 811   | 925   | 698 | 713 | 730 | 745 | 762 |
| Appropriation, mandatory .....     | BA     | 1,663 | 919   |     |     |     |     |     |
| Outlays .....                      | O      | 2,539 | 1,695 | 766 | 737 | 734 | 741 | 775 |

|  |    |       |       |     |     |     |     |     |
|--|----|-------|-------|-----|-----|-----|-----|-----|
| Total Export-Import Bank loans program account ..... | BA | 2,474 | 1,844 | 698 | 713 | 730 | 745 | 762 |
|  | O  | 2,539 | 1,695 | 766 | 737 | 734 | 741 | 775 |

Export-Import Bank of the United States liquidating account:

|   |        |       |     |     |     |     |     |     |
|---|--------|-------|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory ..... | 155 BA | 1,082 | 662 | 397 | 355 | 358 | 340 | 304 |
|---|--------|-------|-----|-----|-----|-----|-----|-----|

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |      |      |      |      |      |
|---|----------|----------------|----------|------|------|------|------|------|
|   |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays .....   | O        | 48             | 32       |      |      |      |      |      |
| Export-Import Bank of the United States liquidating account (gross) .....     | BA       | 1,082          | 662      | 397  | 355  | 358  | 340  | 304  |
|   | O        | 48             | 32       |      |      |      |      |      |
| Total, offsetting collections (cash) .....                                    |          | -1,082         | -662     | -397 | -355 | -358 | -340 | -304 |
| Total Export-Import Bank of the United States liquidating account (net) ..... | BA       |                |          |      |      |      |      |      |
|   | O        | -1,034         | -630     | -397 | -355 | -358 | -340 | -304 |
| <b>Summary</b>  |          |                |          |      |      |      |      |      |
| Federal funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....  | BA       | 2,474          | 1,844    | 698  | 713  | 730  | 745  | 762  |
|   | O        | 1,505          | 1,065    | 369  | 382  | 376  | 401  | 471  |
| Deductions for offsetting receipts:   |          |                |          |      |      |      |      |      |
| Proprietary receipts from the public .....                                    | 155 BA/O | -2,248         | -2,909   | -11  | -7   | -3   | -4   | -2   |
| Total Export-Import Bank of the United States .....                           | BA       | 226            | -1,065   | 687  | 706  | 727  | 741  | 760  |
|   | O        | -743           | -1,844   | 358  | 375  | 373  | 397  | 469  |

**Farm Credit Administration**

*Federal funds*

**Public Enterprise Funds:**

Revolving fund for administrative expenses:

|   |        |     |      |      |      |      |      |      |
|---|--------|-----|------|------|------|------|------|------|
| Spending authority from offsetting collections, mandatory ..... | 351 BA | 36  | 37   | 38   | 39   | 40   | 41   | 42   |
| Outlays .....   | O      | 32  | 37   | 38   | 39   | 40   | 41   | 42   |
| Limitation on administrative expenses .....                     |        |     | (37) | (38) | (39) | (40) | (41) | (42) |
| Revolving fund for administrative expenses (gross) .....        | BA     | 36  | 37   | 38   | 39   | 40   | 41   | 42   |
|   | O      | 32  | 37   | 38   | 39   | 40   | 41   | 42   |
| Total, offsetting collections (cash) .....                      |        | -36 | -37  | -38  | -39  | -40  | -41  | -42  |
| Total Revolving fund for administrative expenses (net) .....    | BA     |     |      |      |      |      |      |      |
|   | O      | -4  |      |      |      |      |      |      |

**Farm Credit System Financial Assistance Corporation**

*Federal funds*

**Credit Accounts:**

Financial Assistance Corporation assistance fund liquidating account:

|  |        |      |      |      |      |     |     |  |
|--|--------|------|------|------|------|-----|-----|--|
| Spending authority from offsetting collections, mandatory .....                        | 351 BA | 275  | 137  | 143  | 166  | 74  | 64  |  |
| Outlays .....  | O      | 79   | 71   | 71   | 71   | 29  | 29  |  |
| Financial Assistance Corporation assistance fund liquidating account (gross) .....     | BA     | 275  | 137  | 143  | 166  | 74  | 64  |  |
|  | O      | 79   | 71   | 71   | 71   | 29  | 29  |  |
| Total, offsetting collections (cash) .....   |        | -275 | -137 | -143 | -166 | -74 | -64 |  |
| Total Financial Assistance Corporation assistance fund liquidating account (net) ..... | BA     |      |      |      |      |     |     |  |
|  | O      | -196 | -66  | -72  | -95  | -45 | -35 |  |

*Trust funds*

Financial assistance corporation trust fund:

|                                |        |   |   |   |   |   |   |  |
|--------------------------------|--------|---|---|---|---|---|---|--|
| Appropriation, mandatory ..... | 351 BA | 7 | 6 | 6 | 6 | 6 | 7 |  |
|--------------------------------|--------|---|---|---|---|---|---|--|

**Farm Credit System Insurance Corporation**

*Federal funds*

**Public Enterprise Funds:**

Farm credit system insurance fund:

|   |        |    |     |     |     |     |     |     |
|---|--------|----|-----|-----|-----|-----|-----|-----|
| Spending authority from offsetting collections, mandatory ..... | 351 BA | 83 | 118 | 126 | 134 | 143 | 153 | 150 |
| Outlays .....   | O      | 2  | 2   | 2   | 2   | 2   | 2   | 2   |
| Farm credit system insurance fund (gross) .....                 | BA     | 83 | 118 | 126 | 134 | 143 | 153 | 150 |
|   | O      | 2  | 2   | 2   | 2   | 2   | 2   | 2   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |    | 2000<br>actual | estimate |      |      |      |      |      |
|---|----|----------------|----------|------|------|------|------|------|
|   |    |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total, offsetting collections (cash) .....          |    | -83            | -118     | -126 | -134 | -143 | -153 | -150 |
| Total Farm credit system insurance fund (net) ..... | BA |                |          |      |      |      |      |      |
|   | O  | -81            | -116     | -124 | -132 | -141 | -151 | -148 |

**Federal Communications Commission**

*Federal funds*

**General and Special Funds:**

|   |        |        |         |            |       |       |       |       |
|---|--------|--------|---------|------------|-------|-------|-------|-------|
| Salaries and expenses:  |        |        |         |            |       |       |       |       |
| Appropriation, discretionary .....                                  | 376 BA | 24     | 30      | 30         | 31    | 31    | 32    | 33    |
| Appropriation, mandatory .....                                      | BA     |        |         | <i>B 2</i> |       |       |       |       |
| Spending authority from offsetting collections, discretionary ..... | BA     | 244    | 259     | 279        | 261   | 261   | 261   | 261   |
| Outlays .....   | O      | 269    | 301     | 320        | 302   | 302   | 303   | 304   |
|   |        |        |         | <i>B 2</i> |       |       |       |       |
| Salaries and expenses (gross) .....                                 | BA     | 268    | 289     | 311        | 292   | 292   | 293   | 294   |
|   | O      | 269    | 301     | 322        | 302   | 302   | 303   | 304   |
| Total, offsetting collections (cash) .....                          |        | -244   | -259    | -279       | -261  | -261  | -261  | -261  |
| Total Salaries and expenses (net) .....                             | BA     | 24     | 30      | 32         | 31    | 31    | 32    | 33    |
|   | O      | 25     | 42      | 43         | 41    | 41    | 42    | 43    |
| Pioneer's preference settlement:                                    |        |        |         |            |       |       |       |       |
| Authority to borrow, mandatory .....                                | 376 BA | 125    |         |            |       |       |       |       |
| Outlays .....   | O      | 125    |         |            |       |       |       |       |
| Universal service fund:   |        |        |         |            |       |       |       |       |
| Appropriation, mandatory .....                                      | 376 BA | 4,547  | 5,599   | 5,638      | 6,171 | 6,730 | 7,309 | 7,906 |
| Outlays .....   | O      | 4,074  | 6,483   | 5,468      | 6,487 | 6,730 | 7,309 | 7,906 |
| <b>Credit Accounts:</b>   |        |        |         |            |       |       |       |       |
| Spectrum auction program account:                                   |        |        |         |            |       |       |       |       |
| Appropriation, mandatory .....                                      | 376 BA |        |         | 8          | 8     | 8     | 8     | 8     |
| Spending authority from offsetting collections, mandatory .....     | BA     | 1,855  |         |            |       |       |       |       |
| Outlays .....   | O      | 34     | 18      | 8          | 8     | 8     | 8     | 8     |
| Spectrum auction program account (gross) .....                      | BA     | 1,855  |         | 8          | 8     | 8     | 8     | 8     |
|   | O      | 34     | 18      | 8          | 8     | 8     | 8     | 8     |
| Total, offsetting collections (cash) .....                          |        | -1,855 | -12,219 |            |       |       |       |       |
| Total Spectrum auction program account (net) .....                  | BA     |        | -12,219 | 8          | 8     | 8     | 8     | 8     |
|   | O      | -1,821 | -12,201 | 8          | 8     | 8     | 8     | 8     |

**Summary**

|   |          |       |        |       |       |       |       |       |
|---|----------|-------|--------|-------|-------|-------|-------|-------|
| Federal funds:                                |          |       |        |       |       |       |       |       |
| (As shown in detail above) .....              | BA       | 4,696 | -6,590 | 5,678 | 6,210 | 6,769 | 7,349 | 7,947 |
|   | O        | 2,403 | -5,676 | 5,519 | 6,536 | 6,779 | 7,359 | 7,957 |
| Deductions for offsetting receipts:           |          |       |        |       |       |       |       |       |
| Proprietary receipts from the public .....    | 376 BA/O | -28   | -28    | -28   | -28   | -28   | -28   | -28   |
| Total Federal Communications Commission ..... | BA       | 4,668 | -6,618 | 5,650 | 6,182 | 6,741 | 7,321 | 7,919 |
|   | O        | 2,375 | -5,704 | 5,491 | 6,508 | 6,751 | 7,331 | 7,929 |

**Federal Deposit Insurance Corporation**

*Bank Insurance*

*Federal funds*

**Credit Accounts:**

|   |        |       |       |       |       |       |       |       |
|---|--------|-------|-------|-------|-------|-------|-------|-------|
| Bank insurance fund:  |        |       |       |       |       |       |       |       |
| Spending authority from offsetting collections, mandatory ..... | 373 BA | 2,605 | 2,230 | 2,612 | 3,410 | 4,166 | 5,049 | 6,969 |
| Outlays .....   | O      | 1,721 | 1,500 | 2,443 | 4,108 | 5,189 | 6,714 | 7,900 |
| Bank insurance fund (gross) .....                               | BA     | 2,605 | 2,230 | 2,612 | 3,410 | 4,166 | 5,049 | 6,969 |
|   | O      | 1,721 | 1,500 | 2,443 | 4,108 | 5,189 | 6,714 | 7,900 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |         | 2000<br>actual | estimate       |                                     |                                      |                                       |                                       | 2006                                  |
|---|---------|----------------|----------------|-------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|   |         |                | 2001           | 2002                                | 2003                                 | 2004                                  | 2005                                  |                                       |
| Total, offsetting collections (cash) .....                      |         | -2,630         | -2,256         | -2,638<br><i>B-92</i><br><i>J-5</i> | -3,436<br><i>B-97</i><br><i>J-11</i> | -4,192<br><i>B-101</i><br><i>J-18</i> | -5,076<br><i>B-106</i><br><i>J-24</i> | -6,996<br><i>B-112</i><br><i>J-31</i> |
| Total Bank insurance fund (net) .....                           | BA<br>O | -25<br>-909    | -26<br>-756    | -123<br>-292                        | -134<br>564                          | -145<br>878                           | -157<br>1,508                         | -170<br>761                           |
| <b>Public Enterprise Funds:</b>                                 |         |                |                |                                     |                                      |                                       |                                       |                                       |
| Savings association insurance fund:                             |         |                |                |                                     |                                      |                                       |                                       |                                       |
| Spending authority from offsetting collections, mandatory ..... | 373 BA  | 735            | 666            | 903                                 | 1,153                                | 1,434                                 | 1,615                                 | 1,730                                 |
| Outlays .....   | O       | 177            | 558            | 659                                 | 1,038                                | 1,471                                 | 1,675                                 | 1,832                                 |
| Savings association insurance fund (gross) .....                | BA<br>O | 735<br>177     | 666<br>558     | 903<br>659                          | 1,153<br>1,038                       | 1,434<br>1,471                        | 1,615<br>1,675                        | 1,730<br>1,832                        |
| Total, offsetting collections (cash) .....                      |         | -739           | -670           | -907                                | -1,157                               | -1,437                                | -1,619                                | -1,734                                |
| Total Savings association insurance fund (net) .....            | BA<br>O | -4<br>-562     | -4<br>-112     | -4<br>-248                          | -4<br>-119                           | -3<br>34                              | -4<br>56                              | -4<br>98                              |
| FSLIC resolution fund:  |         |                |                |                                     |                                      |                                       |                                       |                                       |
| Spending authority from offsetting collections, mandatory ..... | 373 BA  | 2,770          | 1,798          | 1,236                               | 398                                  | 247                                   | 160                                   | 389                                   |
| Outlays .....   | O       | 1,378          | 1,918          | 1,502                               | 342                                  | 266                                   | 67                                    | 330                                   |
| FSLIC resolution fund (gross) .....                             | BA<br>O | 2,770<br>1,378 | 1,798<br>1,918 | 1,236<br>1,502                      | 398<br>342                           | 247<br>266                            | 160<br>67                             | 389<br>330                            |
| Total, offsetting collections (cash) .....                      |         | -2,774         | -1,802         | -1,240                              | -402                                 | -251                                  | -164                                  | -393                                  |
| Total FSLIC resolution fund (net) .....                         | BA<br>O | -4<br>-1,396   | -4<br>116      | -4<br>262                           | -4<br>-60                            | -4<br>15                              | -4<br>-97                             | -4<br>-63                             |
| <b>Intragovernmental Funds:</b>                                 |         |                |                |                                     |                                      |                                       |                                       |                                       |
| Office of Inspector General:                                    |         |                |                |                                     |                                      |                                       |                                       |                                       |
| Spending authority from offsetting collections, mandatory ..... | 373 BA  | 34             | 34             | 34                                  | 36                                   | 37                                    | 38                                    | 39                                    |
| Outlays .....   | O       | 30             | 34             | 34                                  | 36                                   | 37                                    | 38                                    | 39                                    |
| Total Federal funds Bank Insurance .....                        | BA<br>O | 1<br>-2,837    | .....<br>-718  | -97<br>-244                         | -106<br>421                          | -115<br>964                           | -127<br>1,505                         | -139<br>835                           |

**Federal Drug Control Programs**  
*Federal funds*

| <b>General and Special Funds:</b>                       |         |            |            |            |            |            |            |            |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| High-intensity drug trafficking areas program:          |         |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                      | 802 BA  | 157        | 172        | 206        | 211        | 215        | 220        | 225        |
| Outlays .....   | O       | 143        | 161        | 223        | 207        | 212        | 216        | 222        |
| Special forfeiture fund:                                |         |            |            |            |            |            |            |            |
| Appropriation, discretionary .....                      | 802 BA  | 206        | 233        | 248        | 258        | 268        | 275        | 289        |
| Outlays .....   | O       | 203        | 222        | 294        | 283        | 263        | 271        | 282        |
| Total Federal funds Federal Drug Control Programs ..... | BA<br>O | 363<br>346 | 405<br>383 | 454<br>517 | 469<br>490 | 483<br>475 | 495<br>487 | 514<br>504 |

**Federal Election Commission**  
*Federal funds*

| <b>General and Special Funds:</b>  |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Salaries and expenses:             |        |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 808 BA | 38 | 40 | 41 | 42 | 43 | 44 | 45 |
| Outlays .....                      | O      | 38 | 41 | 42 | 42 | 43 | 44 | 45 |

**Federal Financial Institutions Examination Council Appraisal Subcommittee**  
*Federal funds*

| <b>General and Special Funds:</b> |        |   |   |   |   |   |   |   |
|-----------------------------------|--------|---|---|---|---|---|---|---|
| Registry fees:                    |        |   |   |   |   |   |   |   |
| Appropriation, mandatory .....    | 376 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                     | O      | 3 | 2 | 2 | 2 | 2 | 2 | 2 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |     | 2000<br>actual | estimate |      |      |      |      |      |     |
|---|-----|----------------|----------|------|------|------|------|------|-----|
|   |     |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |     |
| <b>Federal Housing Finance Board</b>                                |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>Public Enterprise Funds:</b>                                     |     |                |          |      |      |      |      |      |     |
| Federal housing finance board:                                      |     |                |          |      |      |      |      |      |     |
| Spending authority from offsetting collections, mandatory .....     | 371 | BA             | 19       | 23   | 25   | 25   | 26   | 27   | 28  |
| Outlays .....   |     | O              | 18       | 23   | 25   | 25   | 26   | 27   | 28  |
| Federal housing finance board (gross) .....                         |     | BA             | 19       | 23   | 25   | 25   | 26   | 27   | 28  |
|   |     | O              | 18       | 23   | 25   | 25   | 26   | 27   | 28  |
| Total, offsetting collections (cash) .....                          |     |                | -19      | -23  | -25  | -25  | -26  | -27  | -28 |
| Total Federal housing finance board (net) .....                     |     | BA             |          |      |      |      |      |      |     |
|   |     | O              | -1       |      |      |      |      |      |     |
| <b>Federal Labor Relations Authority</b>                            |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                  | 805 | BA             | 24       | 25   | 26   | 27   | 27   | 28   | 28  |
| Outlays .....   |     | O              | 24       | 25   | 26   | 26   | 27   | 28   | 28  |
| <b>Federal Maritime Commission</b>                                  |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                  | 403 | BA             | 15       | 16   | 16   | 16   | 17   | 17   | 17  |
| Outlays .....   |     | O              | 16       | 15   | 16   | 16   | 17   | 17   | 17  |
| <b>Federal Mediation and Conciliation Service</b>                   |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                  | 505 | BA             | 37       | 38   | 39   | 40   | 41   | 42   | 43  |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 2        | 2    | 2    | 2    | 2    | 2    | 2   |
| Outlays .....   |     | O              | 38       | 40   | 43   | 41   | 43   | 44   | 45  |
| Salaries and expenses (gross) .....                                 |     | BA             | 39       | 40   | 41   | 42   | 43   | 44   | 45  |
|   |     | O              | 38       | 40   | 43   | 41   | 43   | 44   | 45  |
| Total, offsetting collections (cash) .....                          |     |                | -2       | -2   | -2   | -2   | -2   | -2   | -2  |
| Total Salaries and expenses (net) .....                             |     | BA             | 37       | 38   | 39   | 40   | 41   | 42   | 43  |
|   |     | O              | 36       | 38   | 41   | 39   | 41   | 42   | 43  |
| <b>Federal Mine Safety and Health Review Commission</b>             |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |
| Appropriation, discretionary .....                                  | 554 | BA             | 6        | 6    | 7    | 7    | 7    | 7    | 8   |
| Outlays .....   |     | O              | 7        | 6    | 7    | 7    | 7    | 7    | 8   |
| <b>Federal Retirement Thrift Investment Board</b>                   |     |                |          |      |      |      |      |      |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |
| Program expenses:   |     |                |          |      |      |      |      |      |     |
| Appropriation, mandatory .....                                      | 602 | BA             | 102      | 106  | 83   | 86   | 90   | 93   | 97  |
| Outlays .....   |     | O              | 83       | 143  | 87   | 86   | 89   | 92   | 96  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |          | 2000<br>actual | estimate |      |      |      |      |      |
|--|----------|----------------|----------|------|------|------|------|------|
|  |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Summary</b>   |          |                |          |      |      |      |      |      |
| Federal funds:   |          |                |          |      |      |      |      |      |
| (As shown in detail above) .....   | BA       | 102            | 106      | 83   | 86   | 90   | 93   | 97   |
|  | O        | 83             | 143      | 87   | 86   | 89   | 92   | 96   |
| Deductions for offsetting receipts:  |          |                |          |      |      |      |      |      |
| Proprietary receipts from the public .....   | 602 BA/O | -102           | -106     | -83  | -86  | -90  | -93  | -97  |
| Total Federal Retirement Thrift Investment Board .....                             | BA       |                |          |      |      |      |      |      |
|  | O        | -19            | 37       | 4    |      | -1   | -1   | -1   |
| <b>Federal Trade Commission</b>  |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Salaries and expenses:   |          |                |          |      |      |      |      |      |
| Spending authority from offsetting collections, discretionary .....                | 376 BA   | 126            | 148      | 157  | 157  | 157  | 157  | 157  |
| Outlays .....  | O        | 125            | 153      | 156  | 157  | 157  | 157  | 157  |
| Salaries and expenses (gross) .....  | BA       | 126            | 148      | 157  | 157  | 157  | 157  | 157  |
|  | O        | 125            | 153      | 156  | 157  | 157  | 157  | 157  |
| Total, offsetting collections (cash) .....   |          | -107           | -160     | -208 | -208 | -208 | -208 | -208 |
| Total Salaries and expenses (net) .....  | BA       | 19             | -12      | -51  | -51  | -51  | -51  | -51  |
|  | O        | 18             | -7       | -52  | -51  | -51  | -51  | -51  |
| <b>Harry S. Truman Scholarship Foundation</b>                                      |          |                |          |      |      |      |      |      |
| <i>Trust funds</i>   |          |                |          |      |      |      |      |      |
| Harry S. Truman memorial scholarship trust fund:                                   |          |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 502 BA   | 4              | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....  | O        | 3              | 4        | 4    | 3    | 3    | 3    | 3    |
| <b>Institute of American Indian and Alaska Native Culture and Arts Development</b> |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Payment to the institute:  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 502 BA   | 2              | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays .....  | O        | 2              | 4        | 4    | 4    | 4    | 4    | 4    |
| <b>Intelligence Community Management Account</b>                                   |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Intelligence community management account:   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 054 BA   | 131            | 115      | 126  | 129  | 132  | 135  | 138  |
| Outlays .....  | O        | 104            | 107      | 143  | 144  | 131  | 133  | 136  |
| <b>International Trade Commission</b>  |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |          |                |          |      |      |      |      |      |
| Salaries and expenses:   |          |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 153 BA   | 44             | 48       | 51   | 52   | 53   | 54   | 56   |
| Outlays .....  | O        | 47             | 50       | 51   | 52   | 53   | 54   | 55   |
| <b>James Madison Memorial Fellowship Foundation</b>                                |          |                |          |      |      |      |      |      |
| <i>Trust funds</i>   |          |                |          |      |      |      |      |      |
| James Madison Memorial Fellowship trust fund:                                      |          |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 502 BA   | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays .....  | O        | 7              | 2        | 2    | 2    | 2    | 2    | 2    |
| <b>Japan-United States Friendship Commission</b>                                   |          |                |          |      |      |      |      |      |
| <i>Trust funds</i>   |          |                |          |      |      |      |      |      |
| Japan-United States Friendship trust fund:   |          |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 154 BA   | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays .....  | O        | 3              | 3        | 3    | 3    | 3    | 3    | 3    |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |
|--|--------|----------------|----------|------|------|------|------|------|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>Legal Services Corporation</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Payment to Legal Services Corporation:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 752 BA | 304            | 329      | 329  | 336  | 344  | 352  | 359  |
| Spending authority from offsetting collections, discretionary .....  | BA     | 1              |          |      |      |      |      |      |
| Outlays .....  | O      | 304            | 327      | 329  | 336  | 344  | 351  | 359  |
| Payment to Legal Services Corporation (gross) .....  | BA     | 305            | 329      | 329  | 336  | 344  | 352  | 359  |
|  | O      | 304            | 327      | 329  | 336  | 344  | 351  | 359  |
| Total, offsetting collections (cash) .....   |        | -1             |          |      |      |      |      |      |
| Total Payment to Legal Services Corporation (net) .....  | BA     | 304            | 329      | 329  | 336  | 344  | 352  | 359  |
|  | O      | 303            | 327      | 329  | 336  | 344  | 351  | 359  |
| <b>Marine Mammal Commission</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 302 BA | 1              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....  | O      | 1              | 2        | 2    | 2    | 2    | 2    | 2    |
| <b>Merit Systems Protection Board</b>  |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 805 BA | 27             | 29       | 30   | 31   | 31   | 32   | 33   |
| Spending authority from offsetting collections, discretionary .....  | BA     | 2              | 2        | 3    | 3    | 3    | 3    | 3    |
| Outlays .....  | O      | 29             | 31       | 34   | 34   | 34   | 35   | 36   |
| Salaries and expenses (gross) .....  | BA     | 29             | 31       | 33   | 34   | 34   | 35   | 36   |
|  | O      | 29             | 31       | 34   | 34   | 34   | 35   | 36   |
| Total, offsetting collections (cash) .....   |        | -2             | -2       | -3   | -3   | -3   | -3   | -3   |
| Total Salaries and expenses (net) .....  | BA     | 27             | 29       | 30   | 31   | 31   | 32   | 33   |
|  | O      | 27             | 29       | 31   | 31   | 31   | 32   | 33   |
| <b>Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation</b>              |        |                |          |      |      |      |      |      |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |
| Federal payment to Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation: |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 502 BA | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....  | O      | 2              | 2        | 2    | 2    | 2    | 2    | 2    |
| Environmental dispute resolution fund:   |        |                |          |      |      |      |      |      |
| Appropriation, discretionary .....   | 306 BA | 1              | 1        | 1    | 1    | 1    | 1    | 1    |
| Appropriation, mandatory .....   | BA     |                | 1        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....  | O      | 2              | 3        | 2    | 2    | 2    | 2    | 2    |
| Total Environmental dispute resolution fund .....  | BA     | 1              | 2        | 3    | 3    | 3    | 3    | 3    |
|  | O      | 2              | 3        | 2    | 2    | 2    | 2    | 2    |
| <i>Trust funds</i>   |        |                |          |      |      |      |      |      |
| Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation:                    |        |                |          |      |      |      |      |      |
| Appropriation, mandatory .....   | 502 BA | 1              | 2        | 2    | 2    | 2    | 2    | 2    |
| Outlays .....  | O      | 1              | 2        | 2    | 2    | 2    | 2    | 2    |
| <b>Summary</b>   |        |                |          |      |      |      |      |      |
| Federal funds:   |        |                |          |      |      |      |      |      |
| (As shown in detail above) .....   | BA     | 3              | 4        | 5    | 5    | 5    | 5    | 5    |
|  | O      | 4              | 5        | 4    | 4    | 4    | 4    | 4    |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |                     | 2000<br>actual | estimate     |              |              |              |              |              |
|--|---------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  |                     |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Deductions for offsetting receipts:  |                     |                |              |              |              |              |              |              |
| Proprietary receipts from the public   | 306 BA/O            |                | -1           | -2           | -2           | -2           | -2           | -2           |
| Total Federal funds  | BA<br>O             | 3<br>4         | 3<br>4       | 3<br>2       | 3<br>2       | 3<br>2       | 3<br>2       | 3<br>2       |
| Trust funds:   |                     |                |              |              |              |              |              |              |
| (As shown in detail above)   | BA<br>O             | 1<br>1         | 2<br>2       | 2<br>2       | 2<br>2       | 2<br>2       | 2<br>2       | 2<br>2       |
| Interfund transactions   |                     |                |              |              |              |              |              |              |
| Total Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation | 502 BA/O<br>BA<br>O | -2<br>2<br>3   | -2<br>3<br>4 | -2<br>3<br>2 | -2<br>3<br>2 | -2<br>3<br>2 | -2<br>3<br>2 | -2<br>3<br>2 |

**National Archives and Records Administration**

*Federal funds*

**General and Special Funds:**

Operating expenses:

|   |         |            |            |            |            |            |            |            |
|---|---------|------------|------------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 804 BA  | 174        | 203        | 238        | 243        | 249        | 254        | 260        |
| Spending authority from offsetting collections, discretionary | BA      | 6          | 3          | 3          | 3          | 3          | 3          | 3          |
| Outlays   | O       | 185        | 245        | 237        | 246        | 252        | 257        | 262        |
| Operating expenses (gross)                                    | BA<br>O | 180<br>185 | 206<br>245 | 241<br>237 | 246<br>246 | 252<br>252 | 257<br>257 | 263<br>262 |
| Change in uncollected customer payments from Federal sources  | BA      | 7          | 2          |            |            |            |            |            |
| Total, offsetting collections (cash)                          |         | -13        | -5         | -3         | -3         | -3         | -3         | -3         |
| Total Operating expenses (net)                                | BA<br>O | 174<br>172 | 203<br>240 | 238<br>234 | 243<br>243 | 249<br>249 | 254<br>254 | 260<br>259 |

Repairs and restoration:

|                              |        |    |     |    |    |    |    |    |
|------------------------------|--------|----|-----|----|----|----|----|----|
| Appropriation, discretionary | 804 BA | 22 | 102 | 11 | 11 | 11 | 12 | 12 |
| Outlays                      | O      | 14 | 50  | 70 | 37 | 11 | 11 | 11 |

National Historical Publications and Records Commission:

|                              |        |   |    |   |   |   |   |   |
|------------------------------|--------|---|----|---|---|---|---|---|
| Appropriation, discretionary | 804 BA | 4 | 6  | 4 | 4 | 4 | 4 | 4 |
| Outlays                      | O      | 6 | 11 | 9 | 4 | 4 | 4 | 4 |

**Intragovernmental Funds:**

Records center revolving fund:

|   |         |           |           |            |            |            |            |            |
|---|---------|-----------|-----------|------------|------------|------------|------------|------------|
| Appropriation, discretionary                                  | 804 BA  | 22        |           |            |            |            |            |            |
| Spending authority from offsetting collections, discretionary | BA      | 95        | 98        | 102        | 102        | 104        | 106        | 108        |
| Outlays   | O       | 81        | 103       | 107        | 102        | 104        | 105        | 108        |
| Records center revolving fund (gross)                         | BA<br>O | 117<br>81 | 98<br>103 | 102<br>107 | 102<br>102 | 104<br>104 | 106<br>105 | 108<br>108 |
| Change in uncollected customer payments from Federal sources  | BA      | -21       | 5         | 5          |            |            |            |            |
| Total, offsetting collections (cash)                          |         | -74       | -103      | -107       | -102       | -104       | -106       | -108       |
| Total Records center revolving fund (net)                     | BA<br>O | 22<br>7   |           |            |            |            |            | -1         |

*Trust funds*

National archives gift fund:

|                          |        |   |   |   |   |   |   |   |
|--------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, mandatory | 804 BA | 3 | 1 | 1 | 1 | 1 | 1 | 1 |
| Outlays                  | O      | 1 | 2 | 2 |   |   |   |   |

National archives trust fund:

|  |         |          |          |          |          |          |          |          |
|--|---------|----------|----------|----------|----------|----------|----------|----------|
| Spending authority from offsetting collections, mandatory        | 804 BA  | 15       | 14       | 14       | 18       | 18       | 19       | 19       |
| Outlays  | O       | 16       | 27       | 14       | 18       | 18       | 19       | 19       |
| National archives trust fund (gross)                             | BA<br>O | 15<br>16 | 14<br>27 | 14<br>14 | 18<br>18 | 18<br>18 | 19<br>19 | 19<br>19 |
| Change in uncollected customer payments from Federal sources     | BA      | 1        |          |          |          |          |          |          |
| Adjustment to uncollected customer payments from Federal sources | BA      | -1       |          |          |          |          |          |          |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate |      |      |      |      | 2006 |
|--|----|----------------|----------|------|------|------|------|------|
|  |    |                | 2001     | 2002 | 2003 | 2004 | 2005 |      |
| Total, offsetting collections (cash) .....                             |    | -15            | -14      | -14  | -18  | -18  | -19  | -19  |
| Total National archives trust fund (net) .....                         | BA |                |          |      |      |      |      |      |
|  | O  | 1              | 13       |      |      |      |      |      |
| Total Federal funds National Archives and Records Administration ..... | BA | 222            | 311      | 253  | 258  | 264  | 270  | 276  |
|  | O  | 199            | 301      | 313  | 284  | 264  | 268  | 274  |
| Total Trust funds National Archives and Records Administration .....   | BA | 3              | 1        | 1    | 1    | 1    | 1    | 1    |
|  | O  | 2              | 15       | 2    |      |      |      |      |

**National Capital Planning Commission**

Federal funds

**General and Special Funds:**

Salaries and expenses:

|   |     |    |   |    |    |   |   |   |   |
|---|-----|----|---|----|----|---|---|---|---|
| Appropriation, discretionary .....                                  | 451 | BA | 6 | 6  | 7  | 7 | 7 | 7 | 8 |
| Spending authority from offsetting collections, discretionary ..... |     | BA |   | 1  | 1  |   |   |   |   |
| Outlays .....   |     | O  | 6 | 7  | 8  | 7 | 7 | 7 | 8 |
| Salaries and expenses (gross) .....                                 |     | BA | 6 | 7  | 8  | 7 | 7 | 7 | 8 |
|   |     | O  | 6 | 7  | 8  | 7 | 7 | 7 | 8 |
| Total, offsetting collections (cash) .....                          |     |    |   | -1 | -1 |   |   |   |   |
| Total Salaries and expenses (net) .....                             |     | BA | 6 | 6  | 7  | 7 | 7 | 7 | 8 |
|   |     | O  | 6 | 6  | 7  | 7 | 7 | 7 | 8 |

**National Commission on Libraries and Information Science**

Federal funds

**General and Special Funds:**

Salaries and expenses:

|                                    |     |    |   |   |  |  |  |  |  |
|------------------------------------|-----|----|---|---|--|--|--|--|--|
| Appropriation, discretionary ..... | 503 | BA | 1 | 1 |  |  |  |  |  |
| Outlays .....                      |     | O  | 2 | 2 |  |  |  |  |  |

**National Council on Disability**

Federal funds

**General and Special Funds:**

Salaries and expenses:

|                                    |     |    |   |   |   |   |   |   |   |
|------------------------------------|-----|----|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 506 | BA | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outlays .....                      |     | O  | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

**National Credit Union Administration**

Federal funds

**Public Enterprise Funds:**

Operating fund:

|   |     |    |      |      |      |      |      |      |      |
|---|-----|----|------|------|------|------|------|------|------|
| Spending authority from offsetting collections, mandatory ..... | 373 | BA | 111  | 139  | 146  | 150  | 155  | 160  | 165  |
| Outlays .....   |     | O  | 111  | 139  | 146  | 150  | 155  | 160  | 165  |
| Operating fund (gross) .....                                    |     | BA | 111  | 139  | 146  | 150  | 155  | 160  | 165  |
|   |     | O  | 111  | 139  | 146  | 150  | 155  | 160  | 165  |
| Total, offsetting collections (cash) .....                      |     |    | -111 | -139 | -146 | -150 | -155 | -160 | -165 |
| Total Operating fund (net) .....                                |     | BA |      |      |      |      |      |      |      |
|   |     | O  |      |      |      |      |      |      |      |
| Credit union share insurance fund:                              |     |    |      |      |      |      |      |      |      |
| Spending authority from offsetting collections, mandatory ..... | 373 | BA | 519  | 442  | 564  | 658  | 677  | 748  | 774  |
| Outlays .....   |     | O  | 311  | 199  | 170  | 313  | 317  | 368  | 373  |
| Credit union share insurance fund (gross) .....                 |     | BA | 519  | 442  | 564  | 658  | 677  | 748  | 774  |
|   |     | O  | 311  | 199  | 170  | 313  | 317  | 368  | 373  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |         |         |         |         | 2006    |
|--|--------|----------------|----------|---------|---------|---------|---------|---------|
|  |        |                | 2001     | 2002    | 2003    | 2004    | 2005    |         |
| Total, offsetting collections (cash) .....                               |        | -519           | -442     | -564    | -658    | -677    | -748    | -774    |
| Total Credit union share insurance fund (net) .....                      | BA     |                |          |         |         |         |         |         |
|  | O      | -208           | -243     | -394    | -345    | -360    | -380    | -401    |
| Central liquidity facility:  |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                       | 373 BA | 1              | 1        | 1       | 1       | 1       | 1       | 1       |
| Spending authority from offsetting collections, discretionary .....      | BA     | 189            | 212      | 242     | 257     | 266     | 278     | 291     |
| Outlays .....  | O      | 190            | 213      | 242     | 257     | 266     | 278     | 291     |
| Limitation on direct loan activity .....                                 |        | (18,600)       | (1,500)  | (1,500) | (1,533) | (1,568) | (1,603) | (1,638) |
| Central liquidity facility (gross) .....                                 | BA     | 190            | 213      | 243     | 258     | 267     | 279     | 292     |
|  | O      | 190            | 213      | 242     | 257     | 266     | 278     | 291     |
| Total, offsetting collections (cash) .....                               |        | -189           | -212     | -242    | -257    | -266    | -278    | -291    |
| Total Central liquidity facility (net) .....                             | BA     | 1              | 1        | 1       | 1       | 1       | 1       | 1       |
|  | O      | 1              | 1        |         |         |         |         |         |
| Community development credit union revolving loan fund:                  |        |                |          |         |         |         |         |         |
| Spending authority from offsetting collections, discretionary .....      | 373 BA | 1              | 1        | 1       | 1       | 1       | 1       | 1       |
| Spending authority from offsetting collections, mandatory .....          | BA     | 2              | 3        | 3       | 3       | 3       | 3       | 3       |
| Outlays .....  | O      | 3              | 2        | 2       | 4       | 4       | 4       | 4       |
| Community development credit union revolving loan fund (gross) .....     | BA     | 3              | 4        | 4       | 4       | 4       | 4       | 4       |
|  | O      | 3              | 2        | 2       | 4       | 4       | 4       | 4       |
| Total, offsetting collections (cash) .....                               |        | -3             | -4       | -4      | -4      | -4      | -4      | -4      |
| Total Community development credit union revolving loan fund (net) ..... | BA     |                |          |         |         |         |         |         |
|  | O      |                | -2       | -2      |         |         |         |         |
| Total Federal funds National Credit Union Administration .....           | BA     | 1              | 1        | 1       | 1       | 1       | 1       | 1       |
|  | O      | -207           | -244     | -396    | -345    | -360    | -380    | -401    |

**National Education Goals Panel**

Federal funds

General and Special Funds:

National Education Goals Panel:

|                                    |        |   |   |   |   |   |   |   |
|------------------------------------|--------|---|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 503 BA | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outlays .....                      | O      | 2 | 2 | 2 | 1 | 2 | 3 | 3 |

**National Endowment for the Arts**

Federal funds

General and Special Funds:

National Endowment for the Arts: grants and administration:

|   |        |     |     |     |     |     |     |     |
|---|--------|-----|-----|-----|-----|-----|-----|-----|
| Appropriation, discretionary .....                                  | 503 BA | 98  | 98  | 98  | 100 | 102 | 105 | 107 |
| Appropriation, mandatory .....                                      | BA     | 1   | 1   | 1   | 1   | 1   | 1   | 1   |
| Spending authority from offsetting collections, discretionary ..... | BA     | 3   | 5   | 1   | 1   | 1   | 1   | 1   |
| Outlays .....   | O      | 109 | 111 | 106 | 96  | 103 | 105 | 107 |

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| National Endowment for the Arts (gross) ..... | BA | 102 | 104 | 100 | 102 | 104 | 107 | 109 |
|   | O  | 109 | 111 | 106 | 96  | 103 | 105 | 107 |

|  |  |    |    |    |    |    |    |    |
|--|--|----|----|----|----|----|----|----|
| Total, offsetting collections (cash) ..... |  | -3 | -5 | -1 | -1 | -1 | -1 | -1 |
|--|--|----|----|----|----|----|----|----|

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total National Endowment for the Arts (net) ..... | BA | 99  | 99  | 99  | 101 | 103 | 106 | 108 |
|   | O  | 106 | 106 | 105 | 95  | 102 | 104 | 106 |

Challenge America arts fund:

|                                    |        |  |   |   |   |   |   |   |
|------------------------------------|--------|--|---|---|---|---|---|---|
| Appropriation, discretionary ..... | 503 BA |  | 7 | 7 | 7 | 7 | 7 | 8 |
| Outlays .....                      | O      |  | 3 | 7 | 7 | 7 | 7 | 8 |

|   |    |     |     |     |     |     |     |     |
|---|----|-----|-----|-----|-----|-----|-----|-----|
| Total Federal funds National Endowment for the Arts ..... | BA | 99  | 106 | 106 | 108 | 110 | 113 | 116 |
|   | O  | 106 | 109 | 112 | 102 | 109 | 111 | 114 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |     | 2000<br>actual | estimate |      |      |      |      |      |     |     |
|---|-----|----------------|----------|------|------|------|------|------|-----|-----|
|   |     |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |     |     |
| <b>National Endowment for the Humanities</b>                        |     |                |          |      |      |      |      |      |     |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |     |
| National Endowment for the Humanities: grants and administration:   |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 503 | BA             | 115      | 120  | 121  | 124  | 126  | 129  | 132 |     |
| Appropriation, mandatory .....                                      |     | BA             | 1        | 6    | 6    | 6    | 6    | 6    | 1   |     |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 2        | 2    | 2    | 2    | 2    | 2    | 2   |     |
| Outlays .....   |     | O              | 115      | 148  | 121  | 137  | 135  | 138  | 137 |     |
| National Endowment for the Humanities (gross) .....                 |     |                | BA       | 118  | 128  | 129  | 132  | 134  | 137 | 135 |
|   |     |                | O        | 115  | 148  | 121  | 137  | 135  | 138 | 137 |
| Total, offsetting collections (cash) .....                          |     |                |          | -2   | -2   | -2   | -2   | -2   | -2  | -2  |
| Total National Endowment for the Humanities (net) .....             |     |                | BA       | 116  | 126  | 127  | 130  | 132  | 135 | 133 |
|   |     |                | O        | 113  | 146  | 119  | 135  | 133  | 136 | 135 |
| <b>Institute of Museum and Library Services</b>                     |     |                |          |      |      |      |      |      |     |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |     |
| Office of Museum Services: grants and administration:               |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 503 | BA             | 24       | 25   | 25   | 26   | 26   | 27   | 27  |     |
| Outlays .....   |     | O              | 23       | 26   | 35   | 38   | 32   | 27   | 27  |     |
| Office of Library Services: grants and administration:              |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 503 | BA             | 166      | 207  | 168  | 172  | 176  | 179  | 183 |     |
| Outlays .....   |     | O              | 166      | 165  | 231  | 183  | 184  | 179  | 181 |     |
| Total Federal funds Institute of Museum and Library Services .....  |     |                | BA       | 190  | 232  | 193  | 198  | 202  | 206 | 210 |
|   |     |                | O        | 189  | 191  | 266  | 221  | 216  | 206 | 208 |
| <b>National Labor Relations Board</b>                               |     |                |          |      |      |      |      |      |     |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 505 | BA             | 205      | 216  | 221  | 226  | 231  | 236  | 241 |     |
| Outlays .....   |     | O              | 198      | 221  | 219  | 225  | 231  | 236  | 240 |     |
| <b>National Mediation Board</b>                                     |     |                |          |      |      |      |      |      |     |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 505 | BA             | 10       | 10   | 11   | 11   | 11   | 12   | 12  |     |
| Outlays .....   |     | O              | 9        | 10   | 11   | 12   | 12   | 12   | 12  |     |
| <b>National Transportation Safety Board</b>                         |     |                |          |      |      |      |      |      |     |     |
| <i>Federal funds</i>  |     |                |          |      |      |      |      |      |     |     |
| <b>General and Special Funds:</b>                                   |     |                |          |      |      |      |      |      |     |     |
| Salaries and expenses:  |     |                |          |      |      |      |      |      |     |     |
| Appropriation, discretionary .....                                  | 407 | BA             | 77       | 63   | 64   | 65   | 67   | 68   | 70  |     |
| Spending authority from offsetting collections, discretionary ..... |     | BA             | 5        |      |      |      |      |      |     |     |
| Outlays .....   |     | O              | 77       | 89   | 64   | 65   | 66   | 69   | 70  |     |
| Salaries and expenses (gross) .....                                 |     |                | BA       | 82   | 63   | 64   | 65   | 67   | 68  | 70  |
|   |     |                | O        | 77   | 89   | 64   | 65   | 66   | 69  | 70  |
| Total, offsetting collections (cash) .....                          |     |                |          | -5   |      |      |      |      |     |     |
| Total Salaries and expenses (net) .....                             |     |                | BA       | 77   | 63   | 64   | 65   | 67   | 68  | 70  |
|   |     |                | O        | 72   | 89   | 64   | 65   | 66   | 69  | 70  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate |      |      |      |      |      |
|---|----------|----------------|----------|------|------|------|------|------|
|   |          |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| <b>National Veterans Business Development Corporation</b>     |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| National Veterans Business Development Corporation:           |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 705 BA   |                | 4        | 4    | 4    | 4    | 4    | 4    |
| Outlays   | O        |                | 4        | 4    | 4    | 4    | 4    | 4    |
| <b>Neighborhood Reinvestment Corporation</b>                  |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| Payment to Neighborhood Reinvestment Corporation:             |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 451 BA   | 75             | 90       | 95   | 97   | 99   | 101  | 104  |
| Outlays   | O        | 75             | 90       | 95   | 97   | 99   | 101  | 104  |
| <b>Nuclear Regulatory Commission</b>                          |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| Salaries and expenses:  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 276 BA   | 465            | 481      | 507  | 525  | 543  | 562  | 582  |
| Spending authority from offsetting collections, discretionary | BA       | 5              | 9        | 9    | 4    | 4    | 4    | 4    |
| Outlays   | O        | 480            | 497      | 513  | 527  | 545  | 564  | 581  |
| Salaries and expenses (gross)                                 | BA       | 470            | 490      | 516  | 529  | 547  | 566  | 586  |
|   | O        | 480            | 497      | 513  | 527  | 545  | 564  | 581  |
| Total, offsetting collections (cash)                          |          | -5             | -9       | -9   | -4   | -4   | -4   | -4   |
| Total Salaries and expenses (net)                             | BA       | 465            | 481      | 507  | 525  | 543  | 562  | 582  |
|   | O        | 475            | 488      | 504  | 523  | 541  | 560  | 577  |
| Office of Inspector General:                                  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 276 BA   | 6              | 6        | 6    | 6    | 6    | 6    | 7    |
| Outlays   | O        | 5              | 5        | 6    | 6    | 6    | 6    | 6    |
| <b>Summary</b>  |          |                |          |      |      |      |      |      |
| Federal funds:  |          |                |          |      |      |      |      |      |
| (As shown in detail above)                                    | BA       | 471            | 487      | 513  | 531  | 549  | 568  | 589  |
|   | O        | 480            | 493      | 510  | 529  | 547  | 566  | 583  |
| Deductions for offsetting receipts:                           |          |                |          |      |      |      |      |      |
| Offsetting governmental receipts                              | 276 BA/O | -447           | -453     | -469 | -475 | -482 | -488 | -506 |
| Total Nuclear Regulatory Commission                           | BA       | 24             | 34       | 44   | 56   | 67   | 80   | 83   |
|   | O        | 33             | 40       | 41   | 54   | 65   | 78   | 77   |
| <b>Nuclear Waste Technical Review Board</b>                   |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| Salaries and expenses:  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 271 BA   | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| Outlays   | O        | 3              | 3        | 3    | 3    | 3    | 3    | 3    |
| <b>Occupational Safety and Health Review Commission</b>       |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| Salaries and expenses:  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 554 BA   | 8              | 9        | 9    | 9    | 9    | 10   | 10   |
| Outlays   | O        | 8              | 9        | 9    | 9    | 9    | 9    | 10   |
| <b>Office of Government Ethics</b>                            |          |                |          |      |      |      |      |      |
| <i>Federal funds</i>  |          |                |          |      |      |      |      |      |
| <b>General and Special Funds:</b>                             |          |                |          |      |      |      |      |      |
| Salaries and expenses:  |          |                |          |      |      |      |      |      |
| Appropriation, discretionary                                  | 805 BA   | 9              | 10       | 10   | 10   | 10   | 11   | 11   |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account       |   | 2000<br>actual | estimate |      |      |      |      |      |
|---------------|---|----------------|----------|------|------|------|------|------|
|               |   |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |
| Outlays ..... | O | 9              | 10       | 10   | 10   | 10   | 10   | 11   |

**Office of Navajo and Hopi Indian Relocation**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 808 BA | 8  | 15 | 15 | 15 | 16 | 16 | 16 |
| Outlays .....                      | O      | 14 | 19 | 17 | 15 | 15 | 16 | 16 |

**Office of Special Counsel**

*Federal funds*

**General and Special Funds:**

Salaries and expenses:

|                                    |        |    |    |    |    |    |    |    |
|------------------------------------|--------|----|----|----|----|----|----|----|
| Appropriation, discretionary ..... | 805 BA | 10 | 11 | 12 | 12 | 13 | 13 | 13 |
| Outlays .....                      | O      | 10 | 12 | 12 | 12 | 12 | 13 | 13 |

**Oklahoma City National Memorial Trust**

*Federal funds*

**Public Enterprise Funds:**

Oklahoma City National Memorial Trust:

|   |        |   |    |   |  |  |  |  |
|---|--------|---|----|---|--|--|--|--|
| Appropriation, discretionary .....                                  | 303 BA | 1 |    |   |  |  |  |  |
| Spending authority from offsetting collections, discretionary ..... | BA     |   | 6  |   |  |  |  |  |
| Outlays .....   | O      | 3 | 6  | 1 |  |  |  |  |
| Oklahoma City National Memorial Trust (gross) .....                 | BA     | 1 | 6  |   |  |  |  |  |
|   | O      | 3 | 6  | 1 |  |  |  |  |
| Total, offsetting collections (cash) .....                          |        |   | -6 |   |  |  |  |  |
| Total Oklahoma City National Memorial Trust (net) .....             | BA     | 1 |    |   |  |  |  |  |
|   | O      | 3 | 1  |   |  |  |  |  |

**Other Commissions and Boards**

*Federal funds*

**General and Special Funds:**

Other commissions and boards:

|                                    |        |   |   |  |  |  |  |  |
|------------------------------------|--------|---|---|--|--|--|--|--|
| Appropriation, discretionary ..... | 808 BA | 3 | 1 |  |  |  |  |  |
| Outlays .....                      | O      | 3 | 2 |  |  |  |  |  |

**Panama Canal Commission**

*Federal funds*

**Public Enterprise Funds:**

Panama Canal revolving fund:

|   |        |      |    |    |  |  |  |  |
|---|--------|------|----|----|--|--|--|--|
| Spending authority from offsetting collections, discretionary ..... | 403 BA | 220  |    |    |  |  |  |  |
| Outlays .....   | O      | 537  | 15 | 11 |  |  |  |  |
| Panama Canal revolving fund (gross) .....                           | BA     | 220  |    |    |  |  |  |  |
|   | O      | 537  | 15 | 11 |  |  |  |  |
| Total, offsetting collections (cash) .....                          |        | -220 |    |    |  |  |  |  |
| Total Panama Canal revolving fund (net) .....                       | BA     |      |    |    |  |  |  |  |
|   | O      | 317  | 15 | 11 |  |  |  |  |
| Panama Canal Commission dissolution fund:                           |        |      |    |    |  |  |  |  |
| Outlays .....   | 403 O  | 1    | 6  |    |  |  |  |  |
| Total Federal funds Panama Canal Commission .....                   | BA     |      |    |    |  |  |  |  |
|   | O      | 318  | 21 | 11 |  |  |  |  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |        | 2000<br>actual | estimate |         |         |         |         |         |
|---|--------|----------------|----------|---------|---------|---------|---------|---------|
|   |        |                | 2001     | 2002    | 2003    | 2004    | 2005    | 2006    |
| <b>Postal Service—Payments to the Postal Service</b>                |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |        |                |          |         |         |         |         |         |
| Payment to Postal Service fund:                                     |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 372 BA | 29             | 29       | 77      | 79      | 80      | 82      | 84      |
| Advance appropriation, discretionary .....                          | BA     | 71             | 64       |         |         |         |         |         |
| Advance appropriation, mandatory .....                              | BA     |                |          | 67      |         |         |         |         |
| Outlays .....   | O      | 100            | 93       | 144     | 79      | 80      | 82      | 84      |
| Total Payment to Postal Service fund .....                          | BA     | 100            | 93       | 144     | 79      | 80      | 82      | 84      |
|   | O      | 100            | 93       | 144     | 79      | 80      | 82      | 84      |
| <b>Postal Service</b>   |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>Public Enterprise Funds:</b>                                     |        |                |          |         |         |         |         |         |
| Postal Service fund:  |        |                |          |         |         |         |         |         |
| Authority to borrow, mandatory .....                                | 372 BA | 3,712          | 4,840    | 2,519   | 1,944   | 916     | 879     | 1,006   |
| Spending authority from offsetting collections, mandatory .....     | BA     | 64,581         | 66,431   | 68,195  | 70,500  | 72,700  | 74,600  | 76,400  |
| Outlays .....   | O      | 66,610         | 69,027   | 71,256  | 69,998  | 71,981  | 73,282  | 74,588  |
| Postal Service fund (gross) .....                                   | BA     | 68,293         | 71,271   | 70,714  | 72,444  | 73,616  | 75,479  | 77,406  |
|   | O      | 66,610         | 69,027   | 71,256  | 69,998  | 71,981  | 73,282  | 74,588  |
| Total, offsetting collections (cash) .....                          |        | -64,581        | -66,431  | -68,195 | -70,500 | -72,700 | -74,600 | -76,400 |
| Total Postal Service fund (net) .....                               | BA     | 3,712          | 4,840    | 2,519   | 1,944   | 916     | 879     | 1,006   |
|   | O      | 2,029          | 2,596    | 3,061   | -502    | -719    | -1,318  | -1,812  |
| <b>Presidio Trust</b>   |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>Intragovernmental Funds:</b>                                     |        |                |          |         |         |         |         |         |
| Presidio Trust:   |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 303 BA | 24             | 23       | 22      | 22      | 23      | 24      | 24      |
| Authority to borrow, discretionary .....                            | BA     | 20             | 10       |         |         |         |         |         |
| Spending authority from offsetting collections, discretionary ..... | BA     | 59             | 75       | 78      | 64      | 66      | 66      | 66      |
| Outlays .....   | O      | 54             | 66       | 92      | 98      | 95      | 91      | 90      |
| Limitation on Loan Guarantee Commitments .....                      |        | (200)          | (200)    | (200)   | (100)   |         |         |         |
| Presidio Trust (gross) .....  | BA     | 103            | 108      | 100     | 86      | 89      | 90      | 90      |
|   | O      | 54             | 66       | 92      | 98      | 95      | 91      | 90      |
| Change in uncollected customer payments from Federal sources .....  | BA     | -1             | -1       | -1      | -1      |         |         |         |
| Total, offsetting collections (cash) .....                          |        | -58            | -74      | -77     | -64     | -66     | -66     | -66     |
| Total Presidio Trust (net) .....                                    | BA     | 44             | 33       | 22      | 21      | 23      | 24      | 24      |
|   | O      | -4             | -8       | 15      | 34      | 29      | 25      | 24      |
| <b>Railroad Retirement Board</b>                                    |        |                |          |         |         |         |         |         |
| <i>Federal funds</i>  |        |                |          |         |         |         |         |         |
| <b>General and Special Funds:</b>                                   |        |                |          |         |         |         |         |         |
| Federal windfall subsidy:   |        |                |          |         |         |         |         |         |
| Appropriation, discretionary .....                                  | 601 BA | 173            | 160      | 146     | 149     | 153     | 156     | 159     |
| Outlays .....   | O      | 171            | 160      | 146     | 149     | 153     | 156     | 159     |
| Federal payments to the railroad retirement accounts:               |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 601 BA | 459            | 335      | 347     | 365     | 381     | 399     | 414     |
|   |        |                |          | J-6     | J-15    | J-21    | J-31    | J-38    |
| Outlays .....   | O      | 459            | 335      | 347     | 365     | 381     | 399     | 414     |
|   |        |                |          | J-6     | J-15    | J-21    | J-31    | J-38    |
| Total Federal payments to the railroad retirement accounts .....    | BA     | 459            | 335      | 341     | 350     | 360     | 368     | 376     |
|   | O      | 459            | 335      | 341     | 350     | 360     | 368     | 376     |
| <i>Trust funds</i>  |        |                |          |         |         |         |         |         |
| Railroad unemployment insurance trust fund:                         |        |                |          |         |         |         |         |         |
| Appropriation, mandatory .....                                      | 603 BA | 77             | 87       | 86      | 86      | 87      | 89      | 90      |
| Spending authority from offsetting collections, mandatory .....     | BA     | 24             | 26       | 26      | 27      | 28      | 29      | 29      |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate     |              |              |              |              |              |
|---|----------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   |          |                | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         |
| Outlays .....   | O        | 102            | 112          | 112          | 113          | 115          | 118          | 119          |
| Railroad unemployment insurance trust fund (gross) .....            | BA       | <b>101</b>     | <b>113</b>   | <b>112</b>   | <b>113</b>   | <b>115</b>   | <b>118</b>   | <b>119</b>   |
|   | O        | 102            | 112          | 112          | 113          | 115          | 118          | 119          |
| Total, offsetting collections (cash) .....                          |          | -24            | -26          | -26          | -27          | -28          | -29          | -29          |
| Total Railroad unemployment insurance trust fund (net) .....        | BA       | <b>77</b>      | <b>87</b>    | <b>86</b>    | <b>86</b>    | <b>87</b>    | <b>89</b>    | <b>90</b>    |
|   | O        | 78             | 86           | 86           | 86           | 87           | 89           | 90           |
| <b>Rail industry pension fund:</b>                                  |          |                |              |              |              |              |              |              |
| Appropriation, discretionary .....                                  | 601 BA   | <b>96</b>      | <b>101</b>   | <b>104</b>   | <b>106</b>   | <b>108</b>   | <b>111</b>   | <b>114</b>   |
| Appropriation, mandatory .....                                      | BA       | <b>2,962</b>   | <b>3,007</b> | <b>3,083</b> | <b>3,159</b> | <b>3,241</b> | <b>3,330</b> | <b>3,435</b> |
| Spending authority from offsetting collections, discretionary ..... | BA       | <b>4</b>       | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     |
| Outlays .....   | O        | 3,061          | 3,109        | 3,186        | 3,265        | 3,350        | 3,439        | 3,547        |
| Rail industry pension fund (gross) .....                            | BA       | <b>3,062</b>   | <b>3,112</b> | <b>3,191</b> | <b>3,269</b> | <b>3,353</b> | <b>3,445</b> | <b>3,553</b> |
|   | O        | 3,061          | 3,109        | 3,186        | 3,265        | 3,350        | 3,439        | 3,547        |
| Total, offsetting collections (cash) .....                          |          | -4             | -4           | -4           | -4           | -4           | -4           | -4           |
| Total Rail industry pension fund (net) .....                        | BA       | <b>3,058</b>   | <b>3,108</b> | <b>3,187</b> | <b>3,265</b> | <b>3,349</b> | <b>3,441</b> | <b>3,549</b> |
|   | O        | 3,057          | 3,105        | 3,182        | 3,261        | 3,346        | 3,435        | 3,543        |
| <b>Supplemental annuity pension fund:</b>                           |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                                      | 601 BA   | <b>72</b>      | <b>69</b>    | <b>67</b>    | <b>64</b>    | <b>62</b>    | <b>61</b>    | <b>59</b>    |
| Outlays .....   | O        | 73             | 69           | 67           | 64           | 62           | 61           | 59           |
| <b>Railroad social security equivalent benefit account:</b>         |          |                |              |              |              |              |              |              |
| Appropriation, mandatory .....                                      | 601 BA   | <b>2,313</b>   | <b>2,338</b> | <b>2,373</b> | <b>2,447</b> | <b>2,506</b> | <b>2,570</b> | <b>2,624</b> |
| Authority to borrow, mandatory .....                                | BA       | <b>3,005</b>   | <b>3,141</b> | <b>3,152</b> | <b>3,150</b> | <b>3,161</b> | <b>3,179</b> | <b>3,211</b> |
| Outlays .....   | O        | 5,310          | 5,474        | 5,515        | 5,588        | 5,659        | 5,739        | 5,826        |
| Total Railroad social security equivalent benefit account .....     | BA       | <b>5,318</b>   | <b>5,479</b> | <b>5,525</b> | <b>5,597</b> | <b>5,667</b> | <b>5,749</b> | <b>5,835</b> |
|   | O        | 5,310          | 5,474        | 5,515        | 5,588        | 5,659        | 5,739        | 5,826        |
| <b>Summary</b>  |          |                |              |              |              |              |              |              |
| Federal funds:  |          |                |              |              |              |              |              |              |
| (As shown in detail above) .....                                    | BA       | <b>632</b>     | <b>495</b>   | <b>487</b>   | <b>499</b>   | <b>513</b>   | <b>524</b>   | <b>535</b>   |
|   | O        | 630            | 495          | 487          | 499          | 513          | 524          | 535          |
| Trust funds:  |          |                |              |              |              |              |              |              |
| (As shown in detail above) .....                                    | BA       | <b>8,525</b>   | <b>8,743</b> | <b>8,865</b> | <b>9,012</b> | <b>9,165</b> | <b>9,340</b> | <b>9,533</b> |
|   | O        | 8,518          | 8,734        | 8,850        | 8,999        | 9,154        | 9,324        | 9,518        |
| Deductions for offsetting receipts:                                 |          |                |              |              |              |              |              |              |
| Intrafund transactions .....  | 601 BA/O | -3,697         | -3,215       | -3,812       | -3,838       | -3,838       | -3,853       | -3,679       |
| Total Trust funds .....   | BA       | <b>4,828</b>   | <b>5,528</b> | <b>5,053</b> | <b>5,174</b> | <b>5,327</b> | <b>5,487</b> | <b>5,854</b> |
|   | O        | 4,821          | 5,519        | 5,038        | 5,161        | 5,316        | 5,471        | 5,839        |
| Interfund transactions .....  | 601 BA/O | -459           | -335         | -347         | -365         | -381         | -399         | -414         |
|   |          |                |              | 16           | 15           | 21           | 31           | 38           |
| Total Railroad Retirement Board .....                               | BA       | <b>5,001</b>   | <b>5,688</b> | <b>5,199</b> | <b>5,323</b> | <b>5,480</b> | <b>5,643</b> | <b>6,013</b> |
|   | O        | 4,992          | 5,679        | 5,184        | 5,310        | 5,469        | 5,627        | 5,998        |

**Securities and Exchange Commission**

*Federal funds*

**General and Special Funds:**

|   |        |             |             |             |             |             |             |             |
|---|--------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Salaries and expenses:</b>                                       |        |             |             |             |             |             |             |             |
| Spending authority from offsetting collections, discretionary ..... | 376 BA | <b>378</b>  | <b>424</b>  | <b>439</b>  | <b>452</b>  | <b>465</b>  | <b>478</b>  | <b>491</b>  |
| Outlays .....   | O      | 357         | 411         | 433         | 450         | 463         | 476         | 489         |
| Salaries and expenses (gross) .....                                 | BA     | <b>378</b>  | <b>424</b>  | <b>439</b>  | <b>452</b>  | <b>465</b>  | <b>478</b>  | <b>491</b>  |
|   | O      | 357         | 411         | 433         | 450         | 463         | 476         | 489         |
| Total, offsetting collections (cash) .....                          |        | -863        | -975        | -984        | -1,055      | -1,080      | -1,201      | -1,338      |
| Total Salaries and expenses (net) .....                             | BA     | <b>-485</b> | <b>-551</b> | <b>-545</b> | <b>-603</b> | <b>-615</b> | <b>-723</b> | <b>-847</b> |
|   | O      | -506        | -564        | -551        | -605        | -617        | -725        | -849        |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |        | 2000<br>actual | estimate |      |      |      |      |      |  |
|--|--------|----------------|----------|------|------|------|------|------|--|
|  |        |                | 2001     | 2002 | 2003 | 2004 | 2005 | 2006 |  |
| <b>Smithsonian Institution</b>   |        |                |          |      |      |      |      |      |  |
| <i>Federal funds</i>   |        |                |          |      |      |      |      |      |  |
| <b>General and Special Funds:</b>  |        |                |          |      |      |      |      |      |  |
| Salaries and expenses:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 371            | 387      | 396  | 405  | 414  | 423  | 433  |  |
| Outlays .....  | O      | 354            | 432      | 395  | 404  | 412  | 422  | 431  |  |
| Museum programs and related research (special foreign currency program):     |        |                |          |      |      |      |      |      |  |
| Outlays .....  | 503 O  | 1              |          |      |      |      |      |      |  |
| Repair, restoration and alteration of facilities:                            |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 48             | 58       | 68   | 88   | 101  | 103  | 106  |  |
| Outlays .....  | O      | 55             | 55       | 60   | 49   | 73   | 88   | 97   |  |
| Construction:  |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 19             | 10       | 30   | 10   |      |      |      |  |
| Outlays .....  | O      | 9              | 22       | 48   | 20   | 5    |      |      |  |
| Operations and maintenance, JFK Center for the Performing Arts:              |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 14             | 14       | 15   | 15   | 16   | 16   | 16   |  |
| Outlays .....  | O      | 13             | 14       | 17   | 15   | 16   | 16   | 16   |  |
| Construction, JFK Center for the Performing Arts:                            |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 20             | 20       | 19   | 17   | 17   | 15   | 15   |  |
| Outlays .....  | O      | 12             | 30       | 32   | 20   | 17   | 16   | 15   |  |
| Salaries and expenses, National Gallery of Art:                              |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 61             | 65       | 66   | 67   | 69   | 71   | 72   |  |
| Outlays .....  | O      | 60             | 64       | 67   | 68   | 69   | 70   | 72   |  |
| Repair, restoration, and renovation of buildings, National Gallery of Art:   |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 6              | 11       | 14   | 14   | 15   | 15   | 15   |  |
| Outlays .....  | O      | 6              | 7        | 11   | 13   | 14   | 14   | 15   |  |
| Salaries and expenses, Woodrow Wilson International Center for Scholars:     |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA | 7              | 7        | 8    | 8    | 8    | 9    | 9    |  |
| Outlays .....  | O      | 7              | 7        | 8    | 9    | 9    | 9    | 9    |  |
| Payment to endowment fund, Woodrow Wilson international center for scholars: |        |                |          |      |      |      |      |      |  |
| Appropriation, discretionary .....   | 503 BA |                | 5        |      |      |      |      |      |  |
| Outlays .....  | O      |                | 5        |      |      |      |      |      |  |
| <b>Total Federal funds Smithsonian Institution</b>                           |        |                |          |      |      |      |      |      |  |
|  | BA     | 546            | 577      | 616  | 624  | 640  | 652  | 666  |  |
|  | O      | 517            | 636      | 638  | 598  | 615  | 635  | 655  |  |

**State Justice Institute**

*Federal funds*

|   |        |   |   |   |   |   |   |   |  |
|---|--------|---|---|---|---|---|---|---|--|
| <b>General and Special Funds:</b>               |        |   |   |   |   |   |   |   |  |
| State Justice Institute: salaries and expenses: |        |   |   |   |   |   |   |   |  |
| Appropriation, discretionary .....              | 752 BA | 7 | 7 | 7 | 7 | 7 | 7 | 8 |  |
| Outlays .....                                   | O      | 8 | 5 | 8 | 7 | 7 | 7 | 7 |  |

**Tennessee Valley Authority**

*Federal funds*

|   |        |        |        |        |        |        |        |        |  |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--|
| <b>Public Enterprise Funds:</b>                                       |        |        |        |        |        |        |        |        |  |
| Tennessee Valley Authority fund                                       |        |        |        |        |        |        |        |        |  |
| (Energy supply):  |        |        |        |        |        |        |        |        |  |
| (Spending authority from offsetting collections, mandatory) .....     | 271 BA | 6,558  | 6,326  | 6,927  | 6,950  | 6,530  | 6,725  | 6,793  |  |
| (Outlays) .....   | O      | 6,657  | 6,371  | 6,949  | 6,972  | 6,553  | 6,747  | 6,815  |  |
| <b>Tennessee Valley Authority fund (gross)</b>                        |        |        |        |        |        |        |        |        |  |
|   | BA     | 6,558  | 6,326  | 6,927  | 6,950  | 6,530  | 6,725  | 6,793  |  |
|   | O      | 6,657  | 6,371  | 6,949  | 6,972  | 6,553  | 6,747  | 6,815  |  |
| <b>Total, offsetting collections (cash)</b>                           |        |        |        |        |        |        |        |        |  |
|   |        | -7,004 | -6,876 | -7,209 | -7,423 | -7,506 | -7,757 | -7,893 |  |
| <b>Total (Energy supply) (net)</b>                                    |        |        |        |        |        |        |        |        |  |
|   | BA     | -446   | -550   | -282   | -473   | -976   | -1,032 | -1,100 |  |
|   | O      | -347   | -505   | -260   | -451   | -953   | -1,010 | -1,078 |  |
| (Area and regional development):                                      |        |        |        |        |        |        |        |        |  |
| (Spending authority from offsetting collections, discretionary) ..... | 452 BA | 4      |        |        |        |        |        |        |  |
| (Outlays) .....   | O      | 44     | 7      | 2      | 1      | 1      | 1      | 1      |  |
| <b>Tennessee Valley Authority fund (gross)</b>                        |        |        |        |        |        |        |        |        |  |
|   | BA     | -442   | -550   | -282   | -473   | -976   | -1,032 | -1,100 |  |
|   | O      | -303   | -498   | -258   | -450   | -952   | -1,009 | -1,077 |  |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account  |    | 2000<br>actual | estimate |      |      |      |        |        |
|--|----|----------------|----------|------|------|------|--------|--------|
|  |    |                | 2001     | 2002 | 2003 | 2004 | 2005   | 2006   |
| Total, offsetting collections (cash) .....           |    | -4             |          |      |      |      |        |        |
| Total (Area and regional development) (net) .....    | BA |                |          |      |      |      |        |        |
|  | O  | 40             | 7        | 2    | 1    | 1    | 1      | 1      |
| Total Tennessee Valley Authority fund .....          | BA | -446           | -550     | -282 | -473 | -976 | -1,032 | -1,100 |
|  | O  | -307           | -498     | -258 | -450 | -952 | -1,009 | -1,077 |
| Total Federal funds Tennessee Valley Authority ..... | BA | -446           | -550     | -282 | -473 | -976 | -1,032 | -1,100 |
|  | O  | -307           | -498     | -258 | -450 | -952 | -1,009 | -1,077 |

**United Mine Workers of America Benefit Funds**

*Trust funds*

|   |     |    |     |     |     |     |     |     |     |
|---|-----|----|-----|-----|-----|-----|-----|-----|-----|
| United Mine Workers of America combined benefit fund: |     |    |     |     |     |     |     |     |     |
| Appropriation, mandatory .....                        | 551 | BA | 235 | 319 | 205 | 156 | 147 | 139 | 131 |
| Outlays .....   |     | O  | 235 | 319 | 205 | 156 | 147 | 139 | 131 |
| United Mine Workers of America 1992 benefit plan:     |     |    |     |     |     |     |     |     |     |
| Appropriation, mandatory .....                        | 551 | BA | 29  | 30  | 30  | 31  | 31  | 32  | 33  |
| Outlays .....   |     | O  | 29  | 30  | 30  | 31  | 31  | 32  | 33  |

**Summary**

|  |     |      |      |      |     |     |     |     |     |
|--|-----|------|------|------|-----|-----|-----|-----|-----|
| Trust funds:   |     |      |      |      |     |     |     |     |     |
| (As shown in detail above) .....                         |     | BA   | 264  | 349  | 235 | 187 | 178 | 171 | 164 |
|  |     | O    | 264  | 349  | 235 | 187 | 178 | 171 | 164 |
| Interfund transactions .....                             | 551 | BA/O | -109 | -200 | -92 | -52 | -49 | -46 | -43 |
| Total United Mine Workers of America Benefit Funds ..... |     | BA   | 155  | 149  | 143 | 135 | 129 | 125 | 121 |
|  |     | O    | 155  | 149  | 143 | 135 | 129 | 125 | 121 |

**United States Enrichment Corporation Fund**

*Federal funds*

**Public Enterprise Funds:**

|   |     |    |    |     |     |     |     |     |     |
|---|-----|----|----|-----|-----|-----|-----|-----|-----|
| United States Enrichment Corporation Fund:                      |     |    |    |     |     |     |     |     |     |
| Appropriation, mandatory .....                                  | 271 | BA | -5 |     |     |     |     |     |     |
| Spending authority from offsetting collections, mandatory ..... |     | BA |    | 64  | 67  | 71  | 75  | 79  | 83  |
| Outlays .....   |     | O  | -5 |     |     |     |     |     |     |
| United States Enrichment Corporation Fund (gross) .....         |     | BA | -5 | 64  | 67  | 71  | 75  | 79  | 83  |
|   |     | O  | -5 |     |     |     |     |     |     |
| Total, offsetting collections (cash) .....                      |     |    |    | -64 | -67 | -71 | -75 | -79 | -83 |
| Total United States Enrichment Corporation Fund (net) .....     |     | BA | -5 |     |     |     |     |     |     |
|   |     | O  | -5 | -64 | -67 | -71 | -75 | -79 | -83 |

**United States Holocaust Memorial Museum**

*Federal funds*

**General and Special Funds:**

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Holocaust Memorial Museum:         |     |    |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 808 | BA | 33 | 34 | 36 | 37 | 38 | 38 | 39 |
| Outlays .....                      |     | O  | 35 | 34 | 34 | 36 | 37 | 38 | 39 |

**United States Institute of Peace**

*Federal funds*

**General and Special Funds:**

|                                    |     |    |    |    |    |    |    |    |    |
|------------------------------------|-----|----|----|----|----|----|----|----|----|
| Operating expenses:                |     |    |    |    |    |    |    |    |    |
| Appropriation, discretionary ..... | 153 | BA | 13 | 15 | 15 | 15 | 16 | 16 | 16 |
| Outlays .....                      |     | O  | 13 | 15 | 15 | 16 | 16 | 16 | 17 |

**OTHER INDEPENDENT AGENCIES—Continued**  
(In millions of dollars)

| Account   | 2000<br>actual | estimate |        |        |        |        |        |        |
|---|----------------|----------|--------|--------|--------|--------|--------|--------|
|   |                | 2001     | 2002   | 2003   | 2004   | 2005   | 2006   |        |
| <b>Vietnam Education Foundation</b>                                 |                |          |        |        |        |        |        |        |
| <i>Federal funds</i>  |                |          |        |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |                |          |        |        |        |        |        |        |
| Vietnam debt repayment fund:  |                |          |        |        |        |        |        |        |
| Advance appropriation, discretionary .....                          | 154 BA         |          | 5      | 5      | 5      | 5      | 5      |        |
| Outlays .....   | O              |          | 2      | 4      | 5      | 5      | 5      |        |
| <b>White House Commission on the National Moment of Remembrance</b> |                |          |        |        |        |        |        |        |
| <i>Federal funds</i>  |                |          |        |        |        |        |        |        |
| <b>General and Special Funds:</b>                                   |                |          |        |        |        |        |        |        |
| White House commission on the national moment of remembrance:       |                |          |        |        |        |        |        |        |
| Appropriation, mandatory .....                                      | 705 BA         |          | 1      | 1      | 1      | 1      | 1      |        |
| Outlays .....   | O              |          | 1      | 1      | 1      | 1      | 1      |        |
| <b>Summary</b>  |                |          |        |        |        |        |        |        |
| <b>On-Budget</b>  |                |          |        |        |        |        |        |        |
| Federal funds:  |                |          |        |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA             | 12,875   | 1,097  | 12,281 | 12,654 | 12,925 | 13,519 | 14,115 |
|   | O              | 6,587    | 192    | 11,308 | 12,542 | 12,988 | 14,137 | 14,139 |
| Deductions for offsetting receipts:                                 |                |          |        |        |        |        |        |        |
| Intrafund transactions .....  | 154 BA/O       |          | -6     | -6     | -5     | -5     | -5     | -5     |
|   | 705 BA/O       |          | -4     |        |        |        |        |        |
| Proprietary receipts from the public .....                          | 155 BA/O       | -2,248   | -2,909 | -11    | -7     | -3     | -4     | -2     |
|   | 306 BA/O       |          | -1     | -2     | -2     | -2     | -2     | -2     |
|   | 376 BA/O       |          | -28    | -28    | -28    | -28    | -28    | -28    |
|   | 602 BA/O       |          | -102   | -83    | -86    | -90    | -93    | -97    |
| Offsetting governmental receipts .....                              | 276 BA/O       | -447     | -453   | -469   | -475   | -482   | -488   | -506   |
| Total Federal funds .....   | BA             | 10,050   | -2,410 | 11,682 | 12,051 | 12,315 | 12,899 | 13,475 |
|   | O              | 3,762    | -3,315 | 10,709 | 11,939 | 12,378 | 13,517 | 13,499 |
| Trust funds:  |                |          |        |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA             | 9,030    | 9,646  | 9,633  | 9,735  | 9,884  | 10,062 | 10,247 |
|   | O              | 9,306    | 9,658  | 9,655  | 9,793  | 9,937  | 10,042 | 10,225 |
| Deductions for offsetting receipts:                                 |                |          |        |        |        |        |        |        |
| Intrafund transactions .....  | 601 BA/O       | -3,697   | -3,215 | -3,812 | -3,838 | -3,838 | -3,853 | -3,679 |
| Proprietary receipts from the public .....                          | 452 BA/O       | -3       | -3     | -3     | -3     | -3     | -3     | -3     |
|   | 601 BA/O       | -180     | -172   | -156   | -138   | -118   | -97    | -74    |
| Total Trust funds .....   | BA             | 5,150    | 6,256  | 5,662  | 5,756  | 5,925  | 6,109  | 6,491  |
|   | O              | 5,426    | 6,268  | 5,684  | 5,814  | 5,978  | 6,089  | 6,469  |
| Interfund transactions .....  |                |          |        |        |        |        |        |        |
|   | 452 BA/O       | -3       | -3     | -3     | -3     | -3     | -3     | -3     |
|   | 502 BA/O       | -2       | -2     | -2     | -2     | -2     | -2     | -2     |
|   | 506 BA/O       | -70      | -70    | -10    | -70    | -70    | -70    | -70    |
|   | 551 BA/O       | -109     | -200   | -92    | -52    | -49    | -46    | -43    |
|   | 601 BA/O       | -459     | -335   | -347   | -365   | -381   | -399   | -414   |
|   |                |          | 16     | 15     | 21     | 31     | 31     | 38     |
|   | 602 BA/O       |          | -1     | -1     | -1     | -1     | -1     | -1     |
|   | 752 BA/O       |          | -5     | -5     | -5     | -5     | -6     | -6     |
| Total Other Independent Agencies (on-budget) .....                  | BA             | 14,552   | 3,230  | 16,890 | 17,324 | 17,750 | 18,512 | 19,465 |
|   | O              | 8,540    | 2,337  | 15,939 | 17,270 | 17,866 | 19,110 | 19,467 |
| <b>Off-Budget</b>   |                |          |        |        |        |        |        |        |
| Federal funds:  |                |          |        |        |        |        |        |        |
| (As shown in detail above) .....                                    | BA             | 3,712    | 4,840  | 2,519  | 1,944  | 916    | 879    | 1,006  |
|   | O              | 2,029    | 2,596  | 3,061  | -502   | -719   | -1,318 | -1,812 |
| Total Other Independent Agencies (off-budget) .....                 | BA             | 3,712    | 4,840  | 2,519  | 1,944  | 916    | 879    | 1,006  |
|   | O              | 2,029    | 2,596  | 3,061  | -502   | -719   | -1,318 | -1,812 |
| Total Other Independent Agencies .....                              | BA             | 18,264   | 8,070  | 19,409 | 19,268 | 18,666 | 19,391 | 20,471 |
|   | O              | 10,569   | 4,933  | 19,000 | 16,768 | 17,147 | 17,792 | 17,655 |



**Totals—Continued**  
(In millions of dollars)

| Account   |          | 2000<br>actual | estimate  |           |           |           |           | 2006      |
|---|----------|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |          |                | 2001      | 2002      | 2003      | 2004      | 2005      |           |
| Offsetting governmental receipts .....                | BA/O     |                |           | -17       | -17       | -17       | -18       | -18       |
| Total deductions .....                                | BA/O     | -38,349        | -39,331   | -43,570   | -46,450   | -47,784   | -51,095   | -53,727   |
| Trust fund totals .....                               | BA       | 360,602        | 396,275   | 412,614   | 426,419   | 446,048   | 480,229   | 501,221   |
|   | O        | 350,974        | 385,652   | 403,963   | 417,089   | 439,222   | 474,800   | 496,440   |
| Interfund transactions (-):                           |          |                |           |           |           |           |           |           |
| Interest received by on-budget trust funds .....      | 902 BA/O | -69,113        | -73,662   | -76,317   | -80,272   | -84,695   | -88,974   | -93,634   |
|   |          |                |           | 1         | 76        | 162       | 261       | 359       |
| Employer share, employee retirement (on-budget) ..... | 951 BA/O | -30,214        | -31,276   | -32,642   | -33,260   | -34,604   | -36,050   | -37,447   |
|   |          |                |           | 469       | 482       | 449       | 415       |           |
| Applied by agency above .....                         | BA/O     | -115,529       | -122,102  | -132,413  | -141,263  | -146,952  | -158,342  | -168,547  |
| Total interfund transactions .....                    | BA/O     | -214,856       | -227,040  | -241,371  | -255,188  | -266,571  | -283,554  | -299,684  |
| <b>Budget totals</b> Δ .....                          | BA       | 1,489,908      | 1,541,809 | 1,644,218 | 1,669,978 | 1,718,251 | 1,790,973 | 1,839,578 |
|   | O        | 1,458,061      | 1,508,504 | 1,601,414 | 1,648,652 | 1,696,970 | 1,776,379 | 1,817,759 |

**Off-Budget Totals**

|  |          |           |           |           |           |           |           |           |
|--|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Federal funds:   |          |           |           |           |           |           |           |           |
| (As shown in detail above) .....                       | BA       | 3,712     | 4,840     | 2,519     | 1,944     | 916       | 879       | 1,006     |
|  | O        | 2,029     | 2,596     | 3,061     | -502      | -719      | -1,318    | -1,812    |
| Trust funds:   |          |           |           |           |           |           |           |           |
| (As shown in detail above) .....                       | BA       | 412,074   | 436,252   | 456,495   | 479,135   | 503,839   | 530,407   | 559,350   |
|  | O        | 409,473   | 434,526   | 454,770   | 477,203   | 501,711   | 528,141   | 556,865   |
| Deductions for offsetting receipts:                    |          |           |           |           |           |           |           |           |
| (As shown in detail above):                            |          |           |           |           |           |           |           |           |
| Proprietary receipts from the public .....             | BA/O     | -52       | -84       | -84       | -87       | -90       | -94       | -97       |
| Trust fund totals .....                                | BA       | 412,022   | 436,168   | 456,411   | 479,048   | 503,749   | 530,313   | 559,253   |
|  | O        | 409,421   | 434,442   | 454,686   | 477,116   | 501,621   | 528,047   | 556,768   |
| Interfund transactions (-):                            |          |           |           |           |           |           |           |           |
| Interest received by off-budget trust funds .....      | 903 BA/O | -59,796   | -68,886   | -76,086   | -85,421   | -95,855   | -107,348  | -120,111  |
| Employer share, employee retirement (off-budget) ..... | 952 BA/O | -7,637    | -7,877    | -8,917    | -9,161    | -9,868    | -10,706   | -11,443   |
| Applied by agency above .....                          | BA/O     | -13,252   | -12,541   | -13,594   | -14,458   | -15,431   | -16,309   | -17,259   |
| Total interfund transactions .....                     | BA/O     | -80,685   | -89,304   | -98,597   | -109,040  | -121,154  | -134,363  | -148,813  |
| <b>Off-Budget totals</b> Δ .....                       | BA       | 335,049   | 351,704   | 360,333   | 371,952   | 383,511   | 396,829   | 411,446   |
|  | O        | 330,765   | 347,734   | 359,150   | 367,574   | 379,748   | 392,366   | 406,143   |
| <b>Federal Government totals</b> Δ .....               | BA       | 1,824,957 | 1,893,513 | 2,004,551 | 2,041,930 | 2,101,762 | 2,187,802 | 2,251,024 |
|  | O        | 1,788,826 | 1,856,238 | 1,960,564 | 2,016,226 | 2,076,718 | 2,168,745 | 2,223,902 |

**Federal Government Totals**  
(In millions of dollars)

|  | 2001      |           | 2002      |           | 2003      |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
|  | BA        | Outlays   | BA        | Outlays   | BA        | Outlays   |
| <b>Federal funds:</b>                                |           |           |           |           |           |           |
| Enacted, pending and initial requests:               |           |           |           |           |           |           |
| Appropriations .....                                 | 1,435,651 | 1,410,206 | 1,491,163 | 1,474,837 | 1,534,513 | 1,524,591 |
| Proposed in this budget:                             |           |           |           |           |           |           |
| Supplemental proposal <sup>(A)</sup> .....           | 3         | 3         |           |           |           |           |
| To be proposed separately:                           |           |           |           |           |           |           |
| Legislative Proposals:                               |           |           |           |           |           |           |
| Subject to PAYGO <sup>(B)</sup> .....                | 2,500     | 2,500     | 11,014    | 10,739    | 14,435    | 14,599    |
| Not subject to PAYGO <sup>(J)</sup> .....            |           | 582       | 17,969    | 896       | 17,822    | 13,138    |
| Supplemental, later transmittal <sup>(J)</sup> ..... | 936       | 873       |           | 63        |           |           |
| Deductions for offsetting receipts .....             | -61,676   | -61,676   | -46,971   | -46,971   | -66,611   | -66,611   |
| Subject to PAYGO <sup>(B)</sup> .....                |           |           | 2,390     | 2,390     | 672       | 672       |
| Not subject to PAYGO <sup>(J)</sup> .....            |           |           | -71       | -71       | -140      | -140      |
| Total Federal funds .....                            | 1,377,414 | 1,352,488 | 1,475,494 | 1,441,883 | 1,500,691 | 1,486,249 |
| <b>Trust funds:</b>                                  |           |           |           |           |           |           |
| Enacted, pending and initial requests:               |           |           |           |           |           |           |
| Appropriations .....                                 | 871,858   | 859,509   | 912,805   | 902,425   | 952,130   | 940,868   |
| Proposed in this budget:                             |           |           |           |           |           |           |
| To be proposed separately:                           |           |           |           |           |           |           |
| Legislative Proposals:                               |           |           |           |           |           |           |
| Not subject to PAYGO <sup>(J)</sup> .....            |           |           | -126      | -122      | -126      | -126      |
| Deductions for offsetting receipts .....             | -39,415   | -39,415   | -43,674   | -43,674   | -46,562   | -46,562   |
| Not subject to PAYGO <sup>(J)</sup> .....            |           |           | 20        | 20        | 25        | 25        |
| Total Trust funds .....                              | 832,443   | 820,094   | 869,025   | 858,649   | 905,467   | 894,205   |
| Interfund transactions (-) .....                     | -316,344  | -316,344  | -339,968  | -339,968  | -364,228  | -364,228  |
| Federal Government totals .....                      | 1,893,513 | 1,856,238 | 2,004,551 | 1,960,564 | 2,041,930 | 2,016,226 |

**Federal Government Totals—Continued**  
(In millions of dollars)

|   | 2004      |           | 2005      |           | 2006      |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
|   | BA        | Outlays   | BA        | Outlays   | BA        | Outlays   |
| <b>Federal funds:</b>                     |           |           |           |           |           |           |
| Enacted, pending and initial requests:    |           |           |           |           |           |           |
| Appropriations .....                      | 1,579,555 | 1,564,518 | 1,634,491 | 1,623,752 | 1,684,791 | 1,665,839 |
| To be proposed separately:                |           |           |           |           |           |           |
| Legislative Proposals:                    |           |           |           |           |           |           |
| Subject to PAYGO <sup>(B)</sup> .....     | 16,679    | 16,767    | 5,336     | 5,253     | 1,393     | 1,032     |
| Not subject to PAYGO <sup>(J)</sup> ..... | 17,936    | 16,795    | 17,806    | 17,266    | 17,776    | 17,233    |
| Deductions for offsetting receipts .....  | -66,499   | -66,499   | -59,966   | -59,966   | -60,416   | -60,416   |
| Subject to PAYGO <sup>(B)</sup> .....     | -7,838    | -7,838    | -2,343    | -2,343    | -4,346    | -4,346    |
| Not subject to PAYGO <sup>(J)</sup> ..... | -143      | -143      | -147      | -147      | -151      | -151      |
| Total Federal funds .....                 | 1,539,690 | 1,523,600 | 1,595,177 | 1,583,815 | 1,639,047 | 1,619,191 |
| <b>Trust funds:</b>                       |           |           |           |           |           |           |
| Enacted, pending and initial requests:    |           |           |           |           |           |           |
| Appropriations .....                      | 997,797   | 988,843   | 1,053,558 | 1,045,863 | 1,101,625 | 1,094,359 |
| To be proposed separately:                |           |           |           |           |           |           |
| Legislative Proposals:                    |           |           |           |           |           |           |
| Subject to PAYGO <sup>(B)</sup> .....     |           |           | 8,300     | 8,300     | 12,800    | 12,800    |
| Not subject to PAYGO <sup>(J)</sup> ..... | -126      | -126      | -127      | -127      | -127      | -127      |
| Deductions for offsetting receipts .....  | -47,899   | -47,899   | -51,214   | -51,214   | -53,849   | -53,849   |
| Not subject to PAYGO <sup>(J)</sup> ..... | 25        | 25        | 25        | 25        | 25        | 25        |
| Total Trust funds .....                   | 949,797   | 940,843   | 1,010,542 | 1,002,847 | 1,060,474 | 1,053,208 |
| Interfund transactions (-) .....          | -387,725  | -387,725  | -417,917  | -417,917  | -448,497  | -448,497  |
| Federal Government totals .....           | 2,101,762 | 2,076,718 | 2,187,802 | 2,168,745 | 2,251,024 | 2,223,902 |

<sup>A</sup> Supplemental proposal.<sup>B</sup> Legislative proposal, subject to PAYGO.<sup>I</sup> Supplemental, later transmittal.<sup>J</sup> Legislative proposal, not subject to PAYGO.

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